

**PETITION FOR SPECIAL MEETING OF THE MEMBERS OF
WASHINGTON DENTAL SERVICE**

TO THE SECRETARY AND THE BOARD OF DIRECTORS OF WASHINGTON DENTAL SERVICE:

Pursuant to RCW 24.03.075 and Article II, Section 2 of the Washington Dental Service (“WDS”) Bylaws, the undersigned members of WDS submit the following petition for a special meeting.

WHEREAS, WDS was founded in 1954 to provide affordable, pre-paid dental care to people of moderate income;

WHEREAS, WDS’ historical structure of member-dentist governance established a legacy of patient service and promotion of good oral health;

WHEREAS, in the last decade, WDS management has further and further isolated the WDS member dentists from WDS governance, resulting in distrust, animosity, and business decisions that have begun to jeopardize patient care;

WHEREAS, both RCW 24.03.075 and Article II, Section 1 of the Bylaws require that the annual meeting of members be held at a physical place, and RCW 24.03.080 and Article II, Section 1 of the Bylaws require that the notice of the meeting state the date, time, and place of the meeting;

WHEREAS, to the best knowledge of the undersigned, not one member dentist out of approximately 4,000 WDS members physically attended the 2010 annual meeting;

WHEREAS, in November 2008, WDS management advocated a change to the Bylaws to “streamline governance” and “allow more meaningful input from member dentists”;

WHEREAS, despite the 2008 amendments, member dentist input to WDS has not been meaningful, and is filtered through multiple governance layers of advisory panels, governance committees, board chairs, and other bureaucracy;

WHEREAS, the current nomination and election process for Member Directors is so sanitized by the lack of options given to members by management that it is almost meaningless;

WHEREAS, the current reservation of powers to only independent directors is contrary to RCW 24.03.115, which provides that no committee shall have the authority to alter or amend bylaws, or appoint or remove any member of a committee;

WHEREAS, the interest of the corporation and the overall oral health in the State of Washington would be better served by greater transparency between WDS management and its members;

WHEREAS, WDS management has misused the mail-in ballot process in a way that deprives member dentists of meaningful participation and arguably violates state law by not holding an actual meeting to facilitate deliberative assembly;

WHEREAS, limited or full proxy voting will permit better participation by member dentists who cannot attend a meeting;

WHEREAS, more democratic nominations for Member Dentists, coupled with contested elections and proxy voting, will promote more diversity of thought and better deliberation on the WDS board;

NOW, THEREFORE, the undersigned members of WDS request a special meeting to discuss the following items:

1. Adoption of the proposed bylaw changes attached as exhibit A;
2. If the Independent Directors refuse to assent to the above bylaw changes and the corporation offers the written opinion of counsel that the powers reserved to the Independent Directors summarized in Article X, Section 1 of the Bylaws do not violate state law, specifically RCW 24.03.115, then adoption of an alternative set of bylaw changes attached as exhibit B.

Demand is hereby made that Secretary send a notice of a special meeting, to be scheduled no less than 45 days from the date of notice per Article X, Section 1 and Article II, Section 2 of the Bylaws, and no more than 50 days from the date of notice per RCW 24.03.080 for purpose of considering the above subject matters, and that the notice contain the two attached exhibits as required by Article X, Section 1. This petition may be signed in counterparts.

MEMBERS

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**ADDITIONAL SIGNATURES TO
PETITION FOR SPECIAL MEETING OF THE MEMBERS OF
WASHINGTON DENTAL SERVICE**

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EXHIBIT A
AMENDED AND RESTATED
BYLAWS OF WASHINGTON DENTAL SERVICE

ARTICLE I
MEMBERSHIP

SECTION 1. GENERAL.

Any dentist duly licensed by the State of Washington to engage in the practice of dentistry in this state and who is actively practicing dentistry and who executes a service contract with Washington Dental Service shall be eligible for membership in this corporation.

Applications for membership shall be made on a form approved by the corporation. The corporation shall accept or reject all applications.

Upon approval of the application, the dentist is obligated to provide services under Washington Dental Service group dental care contracts and other contracts issued or approved by the corporation. Members shall have no interest in the property of the corporation. A membership is not transferable or assignable.

When used throughout these bylaws, the word "member" shall mean a person holding a membership in this corporation, unless otherwise provided.

SECTION 2. RESIGNATION.

A member may resign his or her membership by giving thirty (30) days advance written notice to the corporation through its Secretary.

SECTION 3. TERMINATION.

- A.** Membership in this corporation shall terminate upon the retirement from active practice or the death of the member dentist or when a member's Washington State Dentistry License is forfeited, suspended, revoked, surrendered or not renewed.
- B.** Membership in this corporation may be terminated for any one of the following grounds which constitute "not in good standing:"
 - (1) Violation of any state or federal law or regulation relating to the practice of dentistry or the reimbursement of dental services.
 - (2) Unprofessional conduct as defined by the laws of the state of Washington or by regulations adopted pursuant to the Washington Administrative Code.

- (3) Submission to this corporation of a false claim or claims as defined by state or federal laws or regulations.
- (4) Aiding or abetting the submission of a false claim or claims to this corporation.
- (5) Willful violation of any material obligation of the member under a contract entered into by this corporation.
- (6) Failure to render professional services in accordance with the standards of dentistry in the member's area.
- (7) Failure to comply with Washington Dental Service member dentist rules and regulations, with the Washington Dental Service Member Dentist Agreement or with any other agreement between the Member Dentist and this corporation.

SECTION 4. NOTICE OF TERMINATION AND HEARING PROCEDURES.

- A. Termination of membership pursuant to Article I, Section 3(A) of these Bylaws shall be automatic and without hearing upon receipt by the corporation of notification that a member's Washington State Dentistry License has been forfeited, suspended, revoked, surrendered or not renewed by the State of Washington.
- B. Upon receipt of any evidence of one or more of the grounds for termination of a membership described in Article I, Section 3(B) of these Bylaws, the President and CEO, with the concurrence of the Chair of the Board or the Chair's designee or designees, may order such membership terminated. The President and CEO shall notify the member of his/her action in writing by certified mail to the address shown on the records of the corporation. The action of the President and CEO shall be final unless written notice of appeal is received by the corporation within thirty (30) days of the date of the President and CEO's order. An appeal shall be conducted in accordance with Washington Dental Service Member Dentist Rules and Regulations.

ARTICLE II

MEMBERSHIP MEETINGS

SECTION 1. ANNUAL MEETINGS.

An annual meeting of the members of the corporation shall be held ~~at the corporation's principal office or such other convenient place, on a day on the second Friday in November~~ and at a time designated by the Board, the Chair or the President and CEO. ~~If the Board determines that for good cause, the meeting cannot be held on the second Friday in November, the meeting shall be held as soon thereafter as practicable.~~ Notice, in the form of a record, in a tangible medium, or in an electronic transmission, stating the date, time, and place of each annual meeting shall be given to each member of record in good standing on the date of such notice, and such notice shall be given not less than ~~forty-five~~^{thirty} (45³⁰) ~~nor more than fifty (50)~~ days in advance by the Secretary. ~~Publication of this notice in the official publication of this corporation and mailing of that publication to all members shall satisfy the requirement of notice.~~ The notice may be

accompanied by materials pertinent to the annual meeting, such as bios of director candidates, but shall not be contained within another publication.

The notice shall include an agenda that lists the matters to be discussed at the meeting. Such additional matters as may be requested by a written petition signed by at least twenty-five (25) members, or a majority of the members who practice in a given component dental society geographic area, whichever is smaller, and presented to the Secretary at least twenty (20) days prior to the meeting shall also be included on the agenda. At the discretion of the Chair, items may be added to the agenda at any time. No business shall be transacted during an annual meeting unless it was placed on the agenda by the Chair of the Board or by a duly filed petition.

SECTION 2. SPECIAL MEETINGS.

Special meetings of the members of this corporation may be held at the principal place of business or such other convenient place as may be designated by the Board of Directors. Special meetings may be called by a vote of a majority of the total Board of Directors or by a petition signed by at least ten percent (10%) of the members of the corporation. Any such call or petition for a special meeting of the members must contain a description of the item or items to be discussed at that meeting.

Within thirty (30) days of a call by the Board of Directors or the receipt of a petition, the Secretary shall give not less than thirty (30) nor more than fifty (50) days' notice in the form of a record, in a tangible medium, or in an electronic transmission, stating the time, date, place and agenda items for any special meeting to each member of record in good standing on the date of such notice. Time shall be computed by excluding the first and including the last day of such notice. Personal delivery of the notice of the meeting or deposit of the same in the United States mail, with postage thereon fully prepaid, addressed to a member at the last address given the Secretary of the corporation, shall constitute due notice.

SECTION 3. LOCATION

The annual meeting and any special meeting of the members shall be held within 20 miles of the corporation's principal office in a venue large enough to accommodate at least twenty-five percent (25%) of the members of the corporation in the meeting room.

~~SECTION 3.~~SECTION 4. QUORUM, MANNER OF ACTING, AND VOTING.

Ten percent (10%) of the members in good standing of the corporation of record on the date of notice of the meeting shall constitute a quorum at an annual or a special meeting of the members, which may be satisfied by attendance in person or by proxy.; ~~provided that, in the case of an annual meeting at which the only agenda item is the election of Member Directors and as to which ballots have been timely mailed to members in accordance with these Bylaws, the required percentage of members constituting a quorum shall be such other percentage of members in good standing of record on the date of notice of the meeting as the Board of Directors may from time to time specify by resolution, after taking into account the actual level of voting participation by the corporation's members.~~

A majority of the votes entitled to be cast on a matter to be voted upon by the members present at a meeting (in person or by proxy) at which a quorum is present shall be necessary for the adoption thereof unless a greater proportion is required by law or by these Bylaws; ~~provided that the following requirements shall apply to the election of Member Directors:~~

- ~~(a) — In the case of an uncontested election, a nominee for election as a Member Director will be elected if the number of votes cast “for” the nominee exceeds the number of votes that members expressly “withhold” from the nominee on validly cast election ballots; in an uncontested election of one or more Member Directors, any nominee who does not receive a greater number of “for” than “withhold” votes will not be elected, and the Board of Directors seat for which the nominee was nominated will be considered vacant, subject to being filled in accordance with Section 1.D of Article IV of these Bylaws; and~~
- ~~(b) — In a contested election, a nominee for election as a Member Director will be elected upon receiving a plurality vote in favor of his or her election on validly cast election ballots.~~

Each member shall be entitled to one (1) vote, ~~which must be personally cast by the member and not by anyone on the member’s behalf,~~ on each matter submitted to a vote of the membership at an annual or special meeting. ~~Neither proxies nor c~~Cumulative voting shall not be allowed. ~~Election of Member Directors shall be conducted exclusively by casting of ballots in the form of a record in a tangible medium (or, if the Board of Directors so authorizes, in an electronic transmission), which ballots must: (a) be furnished to each member in good standing along with the notice of the meeting at which the election is to be held; (b) with respect to each nominee for election to a Member Director seat that is not contested on the ballot, indicate that the member may either cast a vote “for” or expressly “withhold” the member’s vote as to such nominee; and (c) be received, from those members voting, by the Secretary of the corporation in valid form prior to commencement of the meeting, either by personal delivery or by mail or courier (or, if the Board of Directors has adopted procedures for voting by electronic transmission, in accordance with those procedures for electronic ballot submission).~~ Members may vote by proxy, and the corporation shall send a proxy form with the notice of meeting that permits a member to designate a member of the board or another member of the corporation as proxy for all or limited purposes.

~~SECTION 4.~~ SECTION 5. PARLIAMENTARY PROCEDURE.

Meetings of the members of the corporation shall be governed by parliamentary procedure as set forth in the current edition of Robert's Rules of Order.

~~ARTICLE III~~

~~PLEBISCITES~~

~~SECTION 1. VOTING.~~

~~Upon resolution of the Board of Directors, matters may be submitted to vote of the membership other than at annual or special meetings by ballots in the form of a record in a tangible medium,~~

~~or in an electronic transmission, delivered to each member of record in good standing on the date of such delivery for voting and returned to the Secretary within the time specified thereon (which shall not be less than twenty (20) days). Votes so cast shall be tabulated by or under the direction of the Secretary and canvassed by a committee of not less than three Directors appointed by the Board for that purpose or by legal counsel or a certified public accountant employed or engaged by the Company. Business so transacted shall have the same force and effect as if transacted at an annual or special meeting of the members duly called, provided ballots are returned by at least the number of members sufficient to constitute a quorum if present at an annual or special meeting.~~

~~ARTICLE IV~~ ARTICLE III

BOARD OF DIRECTORS

SECTION 1. BOARD OF DIRECTORS.

A. **General Powers.** The affairs of the corporation shall be managed by its Board of Directors.

B. **Size, Composition, Qualifications, Terms, Nomination and Election.**

- (1) **Size and Composition.** The Board of Directors shall consist of at least nine (9) but no more than thirteen (13) Directors. The number of Directors may at any time be increased or decreased within this range by the Board of Directors, but no decrease shall have the effect of shortening the term of any incumbent director. Independent Directors shall at all times after January 1, 2012 comprise a majority of incumbent Directors.
- (2) **Qualifications.** The Board of Directors shall comprise three different categories of Directors, with the following qualifications:
 - (a) **Independent Directors.** Each Independent Director must, when elected and during his or her term of office: (i) satisfy the definition for an "independent" member of a governing body set forth in the instructions to Internal Revenue Service Form 990 (as it may be amended from time to time) or such other IRS definition of independence as Delta Dental Plans Association may from time to time reference in connection with its membership standards; (ii) not be the President and CEO or otherwise an employee of the corporation; (iii) not be a member of the corporation, nor an individual with a D.D.S. or D.M.D. degree; and (iv) not have a financial interest in any dental care organization.
 - (b) **Member Directors.** Each Member Director must, when elected and during his or her term of office, be a member of the corporation; and shall forfeit his or her office as a Director upon loss of his or her membership in the corporation under Section 3 of Article I of these Bylaws.
 - (c) **Ex Officio Director.** The President and CEO shall, by virtue of holding

such office, automatically be a member of the Board of Directors for the period that he or she holds such office.

(3) **Terms, Classifications, Term Limits.**

- (a) **Standard Terms.** Except in situations where shorter terms are expressly permitted under these Bylaws, each Independent Director and Member Director shall be elected to serve a term of three (3) years commencing at the next meeting of the Board of Directors following his or her election.
- (b) **Classified Director Terms; Transitional Terms.** Independent Directors and Member Directors shall, as a group, be divided into three (3) classes and, after January 1, 2012, each such class shall be as equal in number to the others as possible. The Directors within each such class shall all serve terms that expire in the same year, and the expiration of the terms of Directors in the three (3) different classes shall occur in three (3) successive years. A Director elected to fill the seat of a Director whose term has expired or whose seat has become vacant for any reason shall be elected to the same class of Directors to which the predecessor belonged. The Board of Directors shall have authority to designate the members of such classes and their respective terms, and may from time to time prescribe terms of less than three (3) years for particular Independent Directors or Member Director nominees to the extent it considers such shortened terms to be reasonably necessary to achieve or maintain the required balance of classified terms among the Directors; provided, that no action by the Board of Directors under this Section 1.B.3.b shall have the effect of shortening the term of any previously elected Independent Director or Member Director.
- (c) **Term Limits.** Each Independent Director and Member Director ordinarily may serve no more than three (3) full terms consecutively, exclusive of time served to complete the term of a previous Director. However, a Director may be nominated and elected to an additional term of one, two or three years following the Director's completion of three (3) consecutive full terms if the Governance and Nominating Committee and the Board of Directors determine that such is necessary to assure continuity on the Board of Directors.

(4) **Nomination and Election of Directors.**

- (a) **Independent Directors.** The Independent Directors shall be nominated by ~~a majority of the Independent Directors who are members of the Governance and Nominating Committee, and a nomination by such majority shall be deemed to be a nomination by such committee.~~ The Governance and Nominating Committee shall submit its recommended slate of such nominees to the Board of Directors at least sixty (60) days prior to the Board of Directors' annual meeting preceding the end of the term of the incumbent Independent Director(s). The Board of Directors shall at such

meeting, by a majority vote of those ~~Independent~~ Directors whose terms are not expiring, elect at least one nominee from the Governance and Nominating Committee's slate for the seat of each Independent Director whose term is then expiring (unless the Board of Directors has resolved to reduce the overall size of the Board of Directors under Section 1.B.1 of this Article ~~IV III~~).

- (b) **Member Directors.** ~~The Candidates for~~ Member Directors ~~shall be~~ may be nominated by the Governance and Nominating Committee or by a written petition signed by at least twenty-five (25) members, or a majority of the members who practice in a given component dental society geographic area, whichever is smaller, and presented to the Secretary no later than the second Friday in September. The Secretary shall solicit a candidate statement from each candidate, not to exceed 300 words, which shall be distributed with the notice of meeting, proxy materials, agenda, and other meeting materials., which shall submit its recommended slate of such nominees to the Board of Directors at least sixty (60) days prior to the Board of Directors' annual meeting preceding the end of the term of the incumbent Member Director(s). The Board of Directors shall at such meeting select at least one nominee from the Governance and Nominating Committee's slate for the seat of each The members may cast that number of votes as there are number of Member Directors whose terms ~~is~~ are then expiring (unless the Board of Directors has resolved to reduce the overall size of the Board of Directors under Section 1.B.1 of this Article ~~IV III and notified the Secretary of this fact prior to the notice of annual meeting, in which case each member shall have that number of votes as there are director slots for election).~~), and shall then direct the Secretary of the corporation to submit such nominees to the members for ~~e~~ Election shall take place pursuant to Section ~~3-4~~ of Article II of these Bylaws. The nominee with the plurality of votes shall be elected to one spot, then the nominee receiving the second most votes, and so on until all slots are filled.
- (c) **President and CEO.** The President and CEO shall automatically be a member of the Board of Directors, and is not required to be elected or re-elected.

C. **Powers and Duties of the Board of Directors.** Subject to the limitations contained in the Articles of Incorporation, these Bylaws, and the nonprofit corporation laws applicable to this corporation, all corporate powers shall be exercised by or under the authority of the Board of Directors including, but without limitation, the following:

- (1) To select and remove the President and CEO of the corporation, prescribe his/her authority and duties, and fix his/her compensation.
- (2) ~~To nominate Member Director candidates for election by the members in accordance with these Bylaws; and, b~~ By majority vote of the Independent Directors whose terms are not expiring, to elect Independent Directors in accordance with these Bylaws.

- (3) To conduct, manage and control the property and business of the corporation, and to make such rules and regulations therefor, as they may deem best advised.
- (4) To fix the address of the principal office for the transaction of business of the corporation within the State of Washington and to fix and locate from time to time such subsidiary offices of the corporation as they may deem necessary or convenient for transaction of the affairs of the corporation.
- (5) To call membership meetings both regular and special, and to determine what matters shall be submitted to such meetings on behalf of the Board of Directors.
- (6) To borrow money and incur indebtedness for the purpose of the corporation, and to cause to be executed and delivered therefor in the corporate name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecation of other evidence of debt and security therefor.
- (7) To set fees for service on the Board of Directors in accordance with these Bylaws.

D. **Vacancies.** As soon as practical after a vacancy in a Member Director (including a vacancy occurring as described in Section 3-4 of Article II of these Bylaws) or an Independent Director position on the Board of Directors occurs, the Board of Directors shall elect a successor to serve the unexpired term of the original Member Director, or a majority of the Independent Directors shall elect a successor to serve the unexpired term of the original Independent Director.

E. **Meetings.** The annual meeting of the Board of Directors shall be held annually on a date and at a time and location determined by the Board of Directors.

Regular meetings of the Board of Directors shall be held according to a schedule approved in advance by the Directors, but not less than once per calendar quarter unless an affirmative vote of 75% of the directors eliminates a meeting. No particular notice of a regular meeting is required.

Special meetings of the Board of Directors may be called by the Chair of the Board or by a majority vote of all directors. Notice of the date, time and place of such special meeting shall be furnished to each director not less than fifteen (15) days before the time of the meeting. Meetings of the Board of Directors shall be held at the principal office of the corporation or at any other convenient place determined by the Board of Directors.

Regardless of how called, a consent in the form of a record of all of the members of the Board of Directors to the holding of a meeting of the Board of Directors filed with the minutes of the meeting shall constitute sufficient call and notice of any meeting of the Board of Directors. A meeting so held shall have the same force and effect as if the meeting were regularly called upon notice as herein above provided.

A director will be subject to removal if he or she fails to attend at least seventy-five percent (75%) of the directors' meetings during each calendar year, unless excused by the Chair of the

Board at his/her discretion.

F. **Action by Consent in Lieu of Board Meeting.** Any action required or permitted to be taken by the Board of Directors may be taken without a meeting, if all members of the Board of Directors execute a consent in the form of a record that describes the action to be taken. Such consent shall be filed with the minutes of the proceedings of the Board of Directors. Such action approved by consent shall have the same force and effect as a unanimous vote of the directors at a meeting duly held upon proper notice and may be described as such in any record. An action taken by consent shall be effective when the last director executes the consent, unless the consent specified a later effective date.

G. **Quorum, Manner of Acting and Voting.** A majority of the members of the Board of Directors shall constitute a quorum for the transaction of business of any meeting of the Board of Directors, ~~except that a majority of the Independent Directors whose terms are not expiring shall constitute a quorum for the election of Independent Directors in accordance with these Bylaws.~~

The act of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors unless the act of a greater number is required by law or by these Bylaws; ~~provided, the approval of a majority of the Independent Directors whose terms are not expiring shall be required in order to elect an Independent Director in accordance with these Bylaws.~~

Each Director shall have one (1) vote except the Chair of the Board, who shall only vote in case of a tie. Proxies will not be allowed.

H. **Fees and Compensation.** Directors, as such, and officers of the corporation appointed pursuant to Article V shall not receive any salary for their services, but shall receive reimbursement for expenses of attending any meetings of the Board of Directors and a reasonable fee to reimburse directors for the time spent attending those meetings. This fee shall be set taking into consideration prevailing industry practices and may be changed from time to time by the vote or written assent of a majority of the Board of Directors.

I. **Parliamentary Procedure.** Meetings of the Board of Directors shall be governed by parliamentary procedure as set forth in the current edition of Robert's Rules of Order.

J. **Reserves.** The Board of Directors may establish a revolving or reserve fund or funds to cover contingent obligations for paying for dental services and anticipated future needs of the corporation which are reasonably likely to occur. The Directors, in their discretion, shall invest or cause to be invested so much of such funds in securities or other investments consistent with applicable laws of the State of Washington as the directors determine to be in the best interest of the corporation.

K. **Removal of Director.** At a meeting duly called, either a Member Director or an Independent Director of this corporation may be removed from office for cause by, ~~respectively,~~ a two-thirds (2/3) affirmative vote of the other ~~Member~~ Directors then serving on the Board of Directors ~~or of the other Independent Directors then serving on the Board of Directors~~. The call for such a meeting must state with reasonable specificity the cause(s) for removal. Cause for

removal shall consist of a director's willful or negligent disregard of the duties assigned to him/her by law, by these Bylaws, or by the Board of Directors; breach of fiduciary duty as a director; and failure to timely disclose to the Board of Directors any conflict of interest involving the director and the corporation or any action of the corporation. In addition, termination of the membership of a Member Director pursuant to Article I shall also operate to remove him or her from office as a Member Director, without further action by the Board of Directors. A Member Director may also be removed, with or without cause, by a majority of the votes entitled to be cast by the members present in person or proxy at an annual or special meeting of the members.

L. **Standing and Special Committees.**

- (1) **General.** Standing or special committees to facilitate the conduct and effectiveness of the Board of Directors, but not having or exercising the authority of the Board of Directors in the management of the corporation, may be established in such a manner as may be designated by a resolution adopted by a majority of the directors present at a meeting at which a quorum is present. The ~~Chair of the Board, in consultation with the President and CEO, Board of Directors~~ shall appoint members of any standing or special committee ~~except for the Governance and Nominating Committee and the Independent Directors on the Provider Compensation Committee~~. Any member of such a committee may be removed by the ~~person or persons authorized~~ Board of Directors to appoint him/her whenever in ~~their-its~~ judgment the best interests of the corporation would be served by such removal.
- (2) **Standing Committees** shall include the Audit Committee, the Governance and Nominating Committee and the Human Resources and Compensation Committee.
 - (a) **Audit Committee** shall assist the Board of Directors in fulfilling its oversight responsibilities relating to the integrity of the financial statements of the company, of the company's compliance with legal and regulatory requirements, of the independence and qualifications of the independent auditor, and of the performance of the company's internal audit function and independent auditors. The Audit Committee will be comprised of three or more members as determined by the Board of Directors. Committee members ~~shall be appointed by the Board of Directors upon the recommendation of the Chair of the Board and~~ may be removed by the Board of Directors at its discretion. A majority of the committee shall consist of independent members who shall be free from any relationship that, in the opinion of the Board of Directors, would interfere with the exercise of his or her independent judgment as a member of the committee. No person who is a member dentist or has business dealings as a vendor or business partner of the company may be regarded as an independent member of the committee. All members of the committee shall have or obtain a sufficient familiarity with basic finance and accounting practices to allow them to discharge their responsibilities and at least one member shall be a financial expert. The Audit Committee shall be directly responsible for the appointment, compensation and oversight of the accounting firm conducting

the annual audit of the corporation, and shall meet at least annually with the accounting firm and report its findings and recommendations to the Board of Directors.

- (b) **Governance and Nominating Committee** shall be comprised of at least five (5) members, including the Chair of the Board, as well as at least one of the other officers of the ~~Board of Directors~~corporation and such other additional directors as may be appointed by ~~the Chair of the Board in consultation with the President and CEO~~the Board of Directors. At least three Independent Directors must be members of the Governance and Nominating Committee at any given time. Members of the committee will be excluded from discussing and voting for their own nominations. The Governance and Nominating Committee ~~(or the Independent Directors on the Committee)~~ shall perform the functions described for it in Sections 1.B.2 of Article ~~IV-III~~ of these Bylaws and assist the Board of Directors by developing and recommending changes in the governance structure and processes that will improve board effectiveness.
 - (c) **Human Resources and Compensation Committee** shall be comprised of non-management members of the Board of Directors and shall assist the Board of Directors in fulfilling its oversight responsibilities by formulating policy recommendations in such areas as compensation and benefits as specifically referred to the committee by the Board. The Human Resources and Compensation Committee shall periodically receive management updates on the corporation's human resources programs. The committee shall ensure that the senior executives of the corporation are compensated effectively in a manner consistent with the stated strategy of the corporation, competitive practices in the marketplace, any internal equity considerations, and any applicable legal or regulatory requirements. The committee also shall ensure the existence of an operative leadership succession plan that will perpetuate an effective management team for the corporation.
- (3) **Special Committees.** The Board of Directors may establish from time to time, special committees to aid them in managing the affairs of the corporation.
 - (4) **Term of Office.** Each member of a standing committee shall continue as such until the next annual meeting of the Directors of the corporation and until a successor is appointed, unless these Bylaws provide otherwise, or unless the committee shall be terminated sooner, or unless such member be removed from the committee, or unless the member shall cease to qualify as a member of the committee.
 - (5) **Chair.** One member of each committee shall be appointed chair by the person or persons authorized to appoint the members of that committee, except as otherwise provided in these Bylaws. All standing committees shall have a director as chair of the committee at all times unless otherwise directed by the Chair of the Board, in consultation with the President and CEO, because of unusual

circumstances.

- (6) **Vacancies.** Vacancies in the membership of a committee may be filled by appointments made in the same manner as provided in the case of the original appointment. This action will be initiated within thirty (30) days of notification of a vacancy by the Chair of the Board or the President and CEO.
- (7) **Quorum.** Unless otherwise provided in the resolution of the Board of Directors designating a committee, a majority of the whole committee shall constitute a quorum, and the act of a majority of the members present at a meeting at which a quorum is present shall be the act of the committee.
- (8) **Rules.** Each committee may adopt rules for its own governance not inconsistent with these Bylaws or with rules adopted by the Board of Directors.

M. **Provider Compensation Committee.**

- (1) **General.** Notwithstanding any other provision of these Bylaws, there is hereby established a Provider Compensation Committee (the "PC Committee"), which shall have ultimate authority and responsibility for those matters described below concerning compensation paid by the corporation to members and other dentists. This Bylaw is an irrevocable delegation of authority over such matters by the Board of Directors to the Provider Compensation Committee (hereinafter the "PC Committee") pursuant to RCW 24.03.115.
- (2) **Size and Selection.** The Committee shall consist of five (5) directors, three (3) of whom shall be Independent Directors ~~who shall be appointed from time to time by a majority vote of the Independent Directors then serving on the Board of Directors, and two (2) of whom, all of whom~~ shall be appointed by the ~~Chair of the Board of Directors.~~
- (3) **Removal and Vacancies.** A PC Committee member ~~who is an Independent Director~~ may be removed from office only by a vote of two-thirds (2/3) of the ~~other Independent Directors then serving on the Board of Directors. A PC Committee member who was appointed by the Chair of the Board may be removed from office by the Chair of the Board whenever, in his or her judgment, the best interests of the corporation would be served by such a removal.~~ Any vacancy created by the removal or resignation of a PC Committee member shall be filled, for the balance of his or her term, by the same method by which the former PC Committee member was appointed.
- (4) **Term.** Each Independent Director appointed to the PC Committee shall serve a term of office coterminous with his or her term of office as a director, unless such person is earlier removed from office or resigns. ~~Each person appointed to the PC Committee by the Chair of the Board shall serve a term continuing until the next annual meeting of the Board of Directors and until his or her successor is duly appointed and qualified, unless the person is sooner removed from office or resigns.~~

- (5) **Meetings.** The PC Committee shall meet at least once annually, and more frequently when required to perform its functions. Meetings of the PC Committee may be called by the chair of the PC Committee or by any two (2) members of the PC Committee. Notice in the form of a record, in a tangible medium, or in an electronic transmission, stating the time and place of each such meeting shall be furnished to each member of the PC Committee not less than five (5) days before the date of the meeting. Meetings of the PC Committee shall be held at the principal office of the corporation or at any other convenient place determined by the chair of the Committee.
- (6) **Procedures.** The PC Committee shall choose its own chair, who shall always be an Independent Director, and its own secretary. Meetings of the PC Committee shall be governed by parliamentary procedure as set forth in the most recent edition of Robert's Rules of Order. If the committee chair is elected Chair of the Board, that individual will resign as the Provider Compensation Committee chair and the remaining members of the PC Committee shall choose a different Independent Director as the PC Committee's new chair.
- (7) **Quorum, Manner of Acting and Voting.** Three members of the PC Committee shall constitute a quorum for the transaction of business at any meeting of the PC Committee, provided that at least two of such members must be Independent Directors. The act of a majority of PC Committee members present at a meeting at which a quorum is present shall be the act of the PC Committee, unless the act of a greater number is required by law or by these Bylaws. Each PC Committee member shall have one (1) vote. Proxies will not be allowed. Any action required or permitted to be taken by the PC Committee may be taken without a meeting if all members of the PC Committee execute a consent in the form of a record that describes the action to be taken and such action by consent shall have the same force and effect as a unanimous vote of the members of the PC Committee. All minutes of meetings of the PC Committee, and all such consents, shall be retained in the corporation's records.
- (8) **Powers and Duties of PC Committee.** The authority of the Board of Directors in the following matters is vested in, and shall be exercised by, the PC Committee:
 - (a) **Filed Fee Program.** The PC Committee shall undertake studies, from time to time, whether the Filed Fee Program used by the corporation pursuant to its standard Washington Dental Service Member Dentist Agreement (all capitalized terms not defined herein shall have the meanings given them in said form of agreement), as presently operated or with such changes as the PC Committee may have previously directed, enables the corporation to purchase dental services from members and non-members at the most favorable terms, consistent with the corporation's need to maintain and continue the size and composition of its active networks, the quality of service from the providers within such population, and the degree of access to such dentists for those persons whose dental care coverage the corporation has assumed responsibility (hereinafter "enrollees"). After each

such study, the PC Committee shall direct changes to any of the features of the corporation's Filed Fee Program described below that, in the PC Committee's judgment, will enable the corporation to obtain more favorable terms from member dentists and other dentists for services provided to the corporation's enrollees consistent with the foregoing considerations. Such changes may affect any of the following features of the Filed Fee Program:

- (i) The method of determination of the maximum fee for a particular procedure in a particular location that will be accepted in a proposed Survey of Fees at any time;
 - (ii) The method of determination of the intervals at which that maximum fee will be recalculated during the course of a year;
 - (iii) The method by which the Composite Index, if applicable, is calculated and applied in determining the acceptability of a proposed Survey of Fees at any time;
 - (iv) The method of determination of the intervals at which the Composite Index, if applicable, will be recalculated during the course of a year;
 - (v) The frequency with which a member is permitted to file a new Survey of Fees to replace a previously-approved Survey of Fees or a previously-submitted Survey of Fees that was not approved by the corporation;
 - (vi) The method of determination of the amount of compensation paid to a nonmember dentist for service to one of the corporation's enrollees;
 - (vii) The method of determination of the maximum fee that WDS will pay to a nonmember dentist for a particular service; and
 - (viii) The method of determination of the intervals at which the maximum fee for compensation of a nonmember dentist for a particular service will be recalculated.
- (b) **Other Compensation Programs.** The PC Committee shall assume responsibility for, and thereafter undertake studies and make changes to, any other program of compensation to professional providers of services to the corporation's enrollees that may be adopted by the corporation and referred to the PC Committee by the Board of Directors. The PC Committee shall from time to time make such changes in the terms and conditions of the compensation program that the PC Committee believes will enable the corporation to obtain more favorable compensation terms from providers in the future for services provided to enrollees, taking into consideration the corporation's need to maintain and continue the size and composition of its active networks delivering those services, the quality of such services from

the providers in the networks, and the degree of access to such providers for enrollees.

(a) **Sensitive Price Information.** The PC Committee shall have the authority to require changes to the methods and manner in which the corporation receives, processes, analyzes, distributes, disseminates and uses fee and claims information submitted by member dentists and other dentists in order to ensure the strict confidentiality of all such information and, in particular, consistent with state and federal laws and regulations, take reasonable steps to ensure that such information shall not be intentionally or inadvertently made available to other providers.

(9) **Relation with Paid Assistants.** The President and CEO of the corporation and his or her staff shall report to and serve the PC Committee with respect to those matters within its jurisdiction as if the PC Committee was the Board of Directors, provided, however, that the PC Committee shall have no authority to alter the terms of employment of the President and CEO or any staff person. The President and CEO and staff shall implement any change directed by the PC Committee in accordance with these provisions and shall provide to the PC Committee such information, analyses, recommendations and other data from the corporation's records as may be appropriate or useful to the PC Committee's activities.

(10) **Change in Contract Terms.** The corporation shall make no change in the terms of contracts with providers that establish or define the Filed Fee Program or any other program of compensation, without the prior consent of the PC Committee.

N. **Attendance by Communications Equipment.** At the discretion of the Chair, Members of the Board of Directors or any committee may participate in a meeting of such Board or committee by means of any communications equipment which enables all persons participating in the meeting to hear each other simultaneously during the meeting. Individuals who join meetings via communications equipment must attend all discussions of any item on which they vote. In addition, the provision will not be available if its use presents an undue administrative burden. A Director or committee member who participates by means of communications equipment is deemed to be present in person at the meeting.

SECTION 2. MEMBER ADVISORY PANEL

A. **General.** There shall be a Member Advisory Panel consisting of ten (10) to fifteen (15) members who are from time to time selected by the Board of Directors from a pool of candidates recommended by the Governance and Nominating Committee. No less than one (1) and no more than three (3) of the panel members must be Member Directors; each of the other individuals comprising the balance of the Member Advisory Panel must, at the time of his or her appointment thereto and during his or her term of service thereon, be a member in good standing of the corporation who is not a member of the Board of Directors. In recommending and appointing Member Directors or other individuals to serve on the Member Advisory Panel, the Governance and Nominating Committee and the Board of Directors shall also give due consideration to achieving a

relative balance of geographic representation thereon. Individuals serving on the Member Advisory Panel must be willing to serve in such capacity, if so requested by the Board of Directors, for up to three (3) years, but shall remain at all times subject to replacement by the Board of Directors. The Member Advisory Panel shall meet at least three (3) times each year, on such dates and at such times and locations as may be designated by the Board of Directors, the Chair of the Board, or the President and CEO. A chair of the Member Advisory Panel shall be selected and appointed by the Chair of the Board, from among the Member Directors from time to time serving on the Member Advisory Panel.

B. Duties and Authority. The Member Advisory Panel shall not be deemed to be a committee or other organ of the Board of Directors; and shall have no power or authority, delegated or otherwise, to make any decisions, take any actions or incur any obligations on behalf of the corporation. As such, individuals serving on the Member Advisory Panel shall not, solely by reason of such service, owe any fiduciary obligations to the corporation or its members. The Member Advisory Panel shall, however, perform the following functions in good faith:

- (a) identifying and recommending to the Governance and Nominating Committee potential candidates for nomination to be elected as Member Directors;
- (b) consulting with and advising the PC Committee on such matters within the scope of that committee's powers and duties as the chair of the PC Committee may request; and
- (c) consulting with and advising the Board of Directors with respect to the formulation of policies relating to dental procedures, claims processing and adjudication, and relations with the dental profession, to the extent requested to do so by the Chair of the Board.

SECTION 3. INDEMNIFICATION OF DIRECTORS, OFFICERS AND OTHERS

A. Right to Indemnification. Each person who was, is or is threatened to be made a named party to or is otherwise involved (including, without limitation, as a witness) in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative and whether formal or informal (hereinafter a "proceeding"), by reason of the fact that he or she is or was a director or officer of the corporation or served on the Member Advisory Panel of the corporation or, that being or having been such a director officer or an employee of the corporation, he or she is or was serving at the request of the corporation as a director, officer, partner, trustee, employee or agent of another corporation or of a partnership, joint venture, limited liability company, trust, employee benefit plan or other enterprise (hereinafter an "indemnitee"), whether the basis of a proceeding is alleged action in an official capacity as such a director, officer, partner, trustee, employee, agent or panel member or in any other capacity while serving as such a director, officer, partner, trustee, employee, agent or panel member, shall be indemnified and held harmless by the corporation against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts to be paid in settlement) actually and reasonably incurred or suffered by such indemnitee in connection therewith, and such indemnification shall continue as

to an indemnitee who has ceased to be a director, officer, partner, trustee, employee, agent or panel member and shall inure to the benefit of the indemnitee's heirs, executors and administrators. Except as provided in Section 3.D. of this Article IV with respect to proceedings seeking to enforce rights to indemnification, the corporation shall indemnify any such indemnitee in connection with a proceeding (or part thereof) initiated by such indemnitee only if the proceeding (or part thereof) was authorized or ratified by the Board of Directors. The right to indemnification conferred in this Section 3.A. shall be a contract right.

B. Restrictions on Indemnification. No indemnification shall be provided to any such indemnitee for acts or omissions of the indemnitee finally adjudged to be intentional misconduct or a knowing violation of law, for conduct of the indemnitee finally adjudged to be in violation of Section 23B.08.310 of the Washington Business Corporation Act, for any transaction with respect to which it was finally adjudged that such indemnitee personally received a benefit in money, property or services to which the indemnitee was not legally entitled, or if the corporation is otherwise prohibited by applicable law from paying such indemnification, except that if Section 23B.08.560 or any successor provision of the Washington Business Corporation Act is hereafter amended, the restrictions on indemnification set forth in this Section 3.B. shall be as set forth in such amended statutory provision.

C. Advancement of Expenses. The right to indemnification conferred in Section 3.A. of this Article IV shall include the right to be paid by the corporation the expenses incurred in defending any proceeding in advance of its final disposition (hereinafter an "advancement of expenses"). An advancement of expenses shall be made upon delivery to the corporation of an undertaking (hereinafter an "undertaking"), by or on behalf of such indemnitee, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal that such indemnitee is not entitled to be indemnified for such expenses under this Section 3.C.

D. Right of Indemnitee to Bring Suit. If a claim under Section 3.A. or 3.C. of this Article is not paid in full by the corporation within 60 days after a written claim has been received by the corporation, except in the case of a claim for an advancement of expenses, in which case the applicable period shall be 20 days, the indemnitee may at any time thereafter bring suit against the corporation to recover the unpaid amount of the claim. If successful in whole or in part, in any such suit or in a suit brought by the corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the indemnitee shall also be entitled to be paid the expense of prosecuting or defending such suit. The indemnitee shall be presumed to be entitled to indemnification under this Section 3. upon submission of a written claim (and, in an action brought to enforce a claim for an advancement of expenses, where the required undertaking has been tendered to the corporation), and, thereafter, the corporation shall have the burden of proof to overcome the presumption that the indemnitee is so entitled.

E. Procedures Exclusive. Pursuant to Section 23B.08.560(2) or any successor provision of the Washington Business Corporation Act, the procedures for indemnification and advancement of expenses set forth in this Section 3. are in lieu of the procedures required by Section 23B.08.550 or any successor provision of the Washington Business Corporation Act.

F. Nonexclusivity of Rights. The right to indemnification and the advancement of expenses conferred in this Section 3 shall not be exclusive of any other right that any person

may have or hereafter acquire under any statute, provision of the Articles or the Bylaws of the corporation, by general or specific action of the Board of Directors, or by contract or otherwise.

G. Insurance, Contracts and Funding. The corporation may maintain insurance, at its expense, to protect itself and any director, officer, partner, trustee, employee or agent of the corporation or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the corporation would have the power to indemnify such person against such expense, liability or loss under the Washington Business Corporation Act. The corporation may enter into contracts with any director, officer, partner, trustee, employee or agent of the corporation in furtherance of the provisions of this Section 3 and may create a trust fund, grant a security interest or use other means (including, without limitation, a letter of credit) to ensure the payment of such amounts as may be necessary to effect indemnification as provided in this Section 3.

H. Indemnification of Employees and Agents of the Corporation. The corporation may, by action of the Board of Directors, grant rights to indemnification and advancement of expenses to employees and agents or any class or group of employees and agents of the corporation (a) with the same scope and effect as the provisions of this Section 3 with respect to the indemnification and advancement of expenses of directors and officers of the corporation, (b) pursuant to rights granted under, or provided by, the Washington Business Corporation Act, or (c) as are otherwise consistent with law.

I. Persons Serving Other Entities. Any person who, while a director, officer or employee of the corporation, is or was serving (a) as a director or officer of another foreign or domestic corporation of which a majority of the shares entitled to vote in the election of its directors is held by the corporation or (b) as a partner, trustee or otherwise in an executive or management capacity in a partnership, joint venture, limited liability company, trust or other enterprise of which the corporation or a wholly owned subsidiary of the corporation is a general partner or has a majority ownership shall be deemed to be so serving at the request of the corporation and entitled to indemnification and advancement of expenses under Sections 3.A. and 3.C. of this Article.

~~ARTICLE V~~ARTICLE IV

OFFICERS

SECTION 1. OFFICERS.

The officers of the corporation shall be a Chair of the Board, Vice Chair, Secretary, Treasurer and such other officers as the Board of Directors may appoint from time to time at its discretion. No person may hold more than one (1) such office in the corporation at the same time. The President and CEO may not be elected to the offices of Chair of the Board or Vice Chair.

SECTION 2. TERMS AND ELECTION.

The Chair of the Board, Vice Chair, Secretary and Treasurer shall be elected by the Board of Directors from among the Directors then in office at the annual meeting of the Board. The intent is that the Chair of the Board will serve up to two one-year terms, although a third term may be

added upon a determination by the Governance and Nominating Committee and by the Board of Directors that such is necessary to assure continuity or address other extraordinary circumstances. The intent is further that the Vice Chair shall succeed to the office of Chair of the Board at completion of the term(s) of the current Chair, or when that post becomes vacant by resignation or other reason. The term of each office shall be until the next annual meeting of the Board of Directors and the election and qualification of successor. If any office becomes vacant for any reason, the Board of Directors shall, by majority vote, elect a successor who shall hold office for the unexpired term. Any officer may be removed during the term of his/her office by a vote of two-thirds (2/3) of the Board of Directors.

SECTION 3. DUTIES OF OFFICERS.

A. **Chair of the Board.** The Chair of the Board shall preside at all meetings of the membership and at all meetings of the Board of Directors. He/she shall be subject to the control and direction of the Board of Directors. The Chair of the Board shall be an ex-officio member of all standing and special committees except the Audit Committee and the Provider Compensation Committee. The Chair of the Board shall have such other and further powers and duties as may be prescribed for him/her by the Board of Directors or these Bylaws.

The Chair of the Board shall have responsibility for liaison with staff officers between meetings of the Board to insure Board policies are carried out.

B. **Vice Chair.** In the absence or disability of the Chair of the Board, the Vice Chair shall perform the duties of the Chair of the Board and all the responsibilities of the Chair of the Board. In addition, the Board of Directors may fix and assign such duties for the office of Vice Chair as in its discretion it deems advisable, and the Chair of the Board may sub-delegate to the Vice Chair such of his/her authority as he/she believes is in the best interest of continuity of the office. The Vice Chair shall be an ex-officio member of all standing and special committees except the Provider Compensation Committee. The Vice Chair shall have such other and further powers and duties as may be prescribed for him/her by the Board of Directors or these Bylaws.

The Vice Chair will be the successor to the office of Chair of the Board when that post becomes vacant by resignation, completion of term(s), or any other reason.

C. Secretary.

- (1) **Minutes.** The Secretary shall keep, or cause to be kept, a complete book of the minutes at the principal office of the corporation of all meetings of the Directors and of the members together with all calls and notices upon which meetings were held, a roster of all members, including the applications for membership of each member, and a record of payment or nonpayment of fees and assessments.
- (2) **Notices.** The Secretary shall give, or cause to be given, the notice of all meetings of membership as directed by these Bylaws and also notice of all annual, regular and special meetings of the Board of Directors of the corporation as directed by the Board, the Chair of the Board, or other officers authorized to call such meetings.

D. **Treasurer.** Subject to the direction and control of the Board of Directors, the Treasurer shall have the care and custody of and be responsible for all funds and investments of the corporation and shall cause to be kept regular books of account. Such books shall be kept current and shall be open to inspection by any officer or Director of the corporation. The Treasurer shall cause to be deposited all funds and other valuable effects in the name of the corporation in such depositories as may be designated by the Board of Directors. The Treasurer shall cause to be prepared and shall submit a financial report at the annual meeting of the members and, in general, shall perform all of the duties incident to the office of the Treasurer.

~~ARTICLE VI~~ ARTICLE V

PAID ASSISTANTS

SECTION 1. GENERAL.

The Board is authorized to engage on behalf of the corporation all necessary employees and assistants, including certified public accountants, attorneys-at-law, and others in advancement of the affairs of the corporation. The Board shall have authority to arrange with such employees, assistants, certified public accountants and attorneys-at-law for payment by the corporation for their services.

SECTION 2. PRESIDENT AND CEO.

The Board of Directors shall appoint a President, who shall be the chief executive officer of the corporation. He/she shall have general supervision, direction and control of the affairs of the corporation and its staff officers subject to the policies established by the Board of Directors and its Chair of the Board. He/she shall be a full-time employee and need not be a dental licentiate of the State of Washington.

~~ARTICLE VII~~ ARTICLE VI

CONTRACTS, CHECKS, DEPOSITS AND FUNDS

SECTION 1. CONTRACTS.

The Board of Directors may authorize any officer or officers, agent or agents of the corporation, in addition to the officers so authorized by these Bylaws, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the corporation, and such authority may be general or confined to specific instances.

SECTION 2. CHECK, DRAFTS, ETC.

All checks, drafts, or orders for the payment of money, notes or other evidences of indebtedness issued in the name of the corporation, shall be signed by such officer or officers, agent or agents of the corporation and in such manner as shall from time to time be determined by resolution of the Board of Directors. In the absence of such determination by the Board, such instruments shall be signed by the Treasurer or his/her staff designee, and countersigned by the Chair of the Board or the President and CEO of the corporation.

SECTION 3. DEPOSITS AND INVESTMENTS

All funds of the corporation shall be deposited or invested in a timely fashion to the credit of the corporation in such banks, trust companies or other depositories and investment vehicles as the Board of Directors may select.

SECTION 4. GIFTS.

The Board of Directors may accept on behalf of the corporation any contribution, gift, bequest or device for the general purposes or for any special purpose of the corporation.

~~ARTICLE VIII~~ARTICLE VII

BOOKS AND RECORDS

The corporation shall keep correct and complete books of record and account and shall also keep minutes of the proceedings of its members and Board of Directors and shall keep at its registered or principal office a record giving the names and addresses of the members entitled to vote at any membership meetings. All such books and records of the corporation may be inspected by any member or his or her agent or attorney, for any proper purpose at any reasonable time upon reasonable advance notice.

~~ARTICLE IX~~ARTICLE VIII

WAIVER OF NOTICE

Wherever any notice is required to be given under the provisions of the Washington State Nonprofit Corporation Act, or under the provisions of the articles of incorporation or these Bylaws, a waiver of such notice in the form of a record executed by the person or persons entitled to such notice, whether before or after the time stated in the notice, shall be deemed equivalent to the giving of such notice.

~~ARTICLE X~~ARTICLE IX

CHANGES IN BYLAWS

~~SECTION 1. GENERAL.~~

These Bylaws may be amended or repealed by the vote of two thirds of the votes entitled to be cast by the members present in person or proxy at an annual or special meeting of the members, or assent of the members in the form of a record, provided that the proposed amendment or revision shall have been delivered to each member of this corporation at least forty-five (45) days prior to the membership meeting at which the vote is taken, or at least forty-five (45) days prior to the time specified by the Board of Directors for the return of the ballot by mail, fax or electronic transmission, along with the notice of meeting. Notwithstanding the foregoing, further non-material technical amendments to the proposed amendment or revision may be introduced on the floor of the meeting without the need to adjourn the meeting and

~~provide a new notice. In addition, any amendment or repeal of Sections 1.B, 1.D, 1.G, 1.K, 1.L.2.b or 1.M of Article IV, and any adoption of any Bylaw provision that would subject the Independent Directors to rights, privileges, liabilities and duties different from those of other directors hereunder, shall, in addition, require the approval of at least a majority of the Independent Directors then in office.~~

~~SECTION 2. VOTE BY MAIL, FACSIMILE OR ELECTRONIC TRANSMISSION.~~

~~A vote of at least twenty five percent (25%) of the entire membership shall be required on a first ballot to validate a member vote on any proposed amendment of these Bylaws by means of submission of ballots by mail, facsimile or electronic transmission. If fewer than twenty five percent (25%) of the entire membership vote on the first ballot with respect to any such amendment, a second ballot shall be distributed to the members who did not vote on the first ballot. The votes on the first and second ballots cast on any such amendment shall be combined and a vote of ten percent (10%) of the entire membership on the combined first and second ballots shall be required to validate the vote on any proposed amendment of these Bylaws by means of submission of ballots by mail, facsimile or electronic transmission. A majority of all votes cast will be required to effect changes in the Bylaws.~~

~~SECTION 3. MEMBERSHIP MEETING.~~

~~A vote of at least ten percent (10%) of the entire WDS membership shall be required to effect changes in the Bylaws at a membership meeting. A majority of all votes cast will be sufficient to effect changes in the Bylaws. Neither proxies nor cumulative voting shall be allowed.~~

~~ARTICLE XI~~ARTICLE X

DISSOLUTION OF CORPORATION

Approval by the members, in a manner provided in these Bylaws, is required for voluntary dissolution pursuant to RCW 24.03.220 or successor statute. Any assets remaining after payment of all just obligations of the corporation shall accrue to a fund to be distributed to a dentally related foundation to be chosen by the Board of Directors.

~~ARTICLE XII~~ARTICLE XI

CONFLICT

Should any of these Bylaws be in conflict with any statutes, codes, rulings, or the Constitution of the State of Washington or of the United States of America, the particular section or part of any section shall become immediately inoperative. However, should any such conflict of any part of these Bylaws be declared, it shall not render the other Bylaws inoperative or void.

~~ARTICLE XIII~~ARTICLE XII

ELECTRONIC TRANSMISSIONS

Notice to members and directors in electronic transmission is effective only with respect to

members and directors who have consented, in the form of a record, to receive electronically transmitted notices and have designated the message format accessible to the member or director, and the address, location or system to which these notices may be electronically transmitted. A member or director who has consented to receive electronically transmitted notices may revoke the consent by delivering a revocation to the corporation in the form of a record. The consent of any member or director is revoked if the corporation is unable to electronically transmit two consecutive notices given by the corporation in accordance with the consent.

ARTICLE XIII

INFORMATION

The corporation shall give prepare and mail an annual report to each member no later than seven months after the close of the corporation's fiscal year. The annual report shall contain the corporation's latest audited financial statements, a general assessment about the state of the corporation and the marketplace for dental care (paying due regard to preserving any proprietary information), and include the a compensation discussion and analysis in the same form as required for publicly-traded companies.

ARTICLE XIV

TRANSITION

SECTION 1. EFFECTIVE DATE.

The adoption of these amended and restated Bylaws is hereby made effective as of ~~December 23, 2008~~ _____.

EXHIBIT B
AMENDED AND RESTATED
BYLAWS OF WASHINGTON DENTAL SERVICE

ARTICLE I
MEMBERSHIP

SECTION 1. GENERAL.

Any dentist duly licensed by the State of Washington to engage in the practice of dentistry in this state and who is actively practicing dentistry and who executes a service contract with Washington Dental Service shall be eligible for membership in this corporation.

Applications for membership shall be made on a form approved by the corporation. The corporation shall accept or reject all applications.

Upon approval of the application, the dentist is obligated to provide services under Washington Dental Service group dental care contracts and other contracts issued or approved by the corporation. Members shall have no interest in the property of the corporation. A membership is not transferable or assignable.

When used throughout these bylaws, the word "member" shall mean a person holding a membership in this corporation, unless otherwise provided.

SECTION 2. RESIGNATION.

A member may resign his or her membership by giving thirty (30) days advance written notice to the corporation through its Secretary.

SECTION 3. TERMINATION.

- A.** Membership in this corporation shall terminate upon the retirement from active practice or the death of the member dentist or when a member's Washington State Dentistry License is forfeited, suspended, revoked, surrendered or not renewed.
- B.** Membership in this corporation may be terminated for any one of the following grounds which constitute "not in good standing:"
 - (1) Violation of any state or federal law or regulation relating to the practice of dentistry or the reimbursement of dental services.
 - (2) Unprofessional conduct as defined by the laws of the state of Washington or by regulations adopted pursuant to the Washington Administrative Code.

- (3) Submission to this corporation of a false claim or claims as defined by state or federal laws or regulations.
- (4) Aiding or abetting the submission of a false claim or claims to this corporation.
- (5) Willful violation of any material obligation of the member under a contract entered into by this corporation.
- (6) Failure to render professional services in accordance with the standards of dentistry in the member's area.
- (7) Failure to comply with Washington Dental Service member dentist rules and regulations, with the Washington Dental Service Member Dentist Agreement or with any other agreement between the Member Dentist and this corporation.

SECTION 4. NOTICE OF TERMINATION AND HEARING PROCEDURES.

- A. Termination of membership pursuant to Article I, Section 3(A) of these Bylaws shall be automatic and without hearing upon receipt by the corporation of notification that a member's Washington State Dentistry License has been forfeited, suspended, revoked, surrendered or not renewed by the State of Washington.
- B. Upon receipt of any evidence of one or more of the grounds for termination of a membership described in Article I, Section 3(B) of these Bylaws, the President and CEO, with the concurrence of the Chair of the Board or the Chair's designee or designees, may order such membership terminated. The President and CEO shall notify the member of his/her action in writing by certified mail to the address shown on the records of the corporation. The action of the President and CEO shall be final unless written notice of appeal is received by the corporation within thirty (30) days of the date of the President and CEO's order. An appeal shall be conducted in accordance with Washington Dental Service Member Dentist Rules and Regulations.

ARTICLE II

MEMBERSHIP MEETINGS

SECTION 1. ANNUAL MEETINGS.

An annual meeting of the members of the corporation shall be held ~~at the corporation's principal office or such other convenient place, on a day on the second Friday in November~~ and at a time designated by the Board, the Chair or the President and CEO. ~~If the Board determines that for good cause, the meeting cannot be held on the second Friday in November, the meeting shall be held as soon thereafter as practicable.~~ Notice, in the form of a record, in a tangible medium, or in an electronic transmission, stating the date, time, and place of each annual meeting shall be given to each member of record in good standing on the date of such notice, and such notice shall be given not less than ~~forty-five~~^{thirty} (45/30) ~~nor more than fifty (50)~~ days in advance by the Secretary. ~~Publication of this notice in the official publication of this corporation and mailing of that publication to all members shall satisfy the requirement of notice. The notice may be~~

accompanied by materials pertinent to the annual meeting, such as bios of director candidates, but shall not be contained within another publication.

The notice shall include an agenda that lists the matters to be discussed at the meeting. Such additional matters as may be requested by a written petition signed by at least twenty-five (25) members, or a majority of the members who practice in a given component dental society geographic area, whichever is smaller, and presented to the Secretary at least twenty (20) days prior to the meeting shall also be included on the agenda. At the discretion of the Chair, items may be added to the agenda at any time. No business shall be transacted during an annual meeting unless it was placed on the agenda by the Chair of the Board or by a duly filed petition.

SECTION 2. SPECIAL MEETINGS.

Special meetings of the members of this corporation may be held at the principal place of business or such other convenient place as may be designated by the Board of Directors. Special meetings may be called by a vote of a majority of the total Board of Directors or by a petition signed by at least ten percent (10%) of the members of the corporation. Any such call or petition for a special meeting of the members must contain a description of the item or items to be discussed at that meeting.

Within thirty (30) days of a call by the Board of Directors or the receipt of a petition, the Secretary shall give not less than thirty (30) nor more than fifty (50) days' notice in the form of a record, in a tangible medium, or in an electronic transmission, stating the time, date, place and agenda items for any special meeting to each member of record in good standing on the date of such notice. Time shall be computed by excluding the first and including the last day of such notice. Personal delivery of the notice of the meeting or deposit of the same in the United States mail, with postage thereon fully prepaid, addressed to a member at the last address given the Secretary of the corporation, shall constitute due notice.

SECTION 3. LOCATION

The annual meeting and any special meeting of the members shall be held within 20 miles of the corporation's principal office in a venue large enough to accommodate at least twenty-five percent (25%) of the members of the corporation in the meeting room.

~~SECTION 3.~~SECTION 4. QUORUM, MANNER OF ACTING, AND VOTING.

Ten percent (10%) of the members in good standing of the corporation of record on the date of notice of the meeting shall constitute a quorum at an annual or a special meeting of the members, which may be satisfied by attendance in person or by proxy.; ~~provided that, in the case of an annual meeting at which the only agenda item is the election of Member Directors and as to which ballots have been timely mailed to members in accordance with these Bylaws, the required percentage of members constituting a quorum shall be such other percentage of members in good standing of record on the date of notice of the meeting as the Board of Directors may from time to time specify by resolution, after taking into account the actual level of voting participation by the corporation's members.~~

A majority of the votes entitled to be cast on a matter to be voted upon by the members present at a meeting (in person or by proxy) at which a quorum is present shall be necessary for the adoption thereof unless a greater proportion is required by law or by these Bylaws; ~~provided that the following requirements shall apply to the election of Member Directors:~~

- ~~(a) — In the case of an uncontested election, a nominee for election as a Member Director will be elected if the number of votes cast “for” the nominee exceeds the number of votes that members expressly “withhold” from the nominee on validly cast election ballots; in an uncontested election of one or more Member Directors, any nominee who does not receive a greater number of “for” than “withhold” votes will not be elected, and the Board of Directors seat for which the nominee was nominated will be considered vacant, subject to being filled in accordance with Section 1.D of Article IV of these Bylaws; and~~
- ~~(b) — In a contested election, a nominee for election as a Member Director will be elected upon receiving a plurality vote in favor of his or her election on validly cast election ballots.~~

Each member shall be entitled to one (1) vote, ~~which must be personally cast by the member and not by anyone on the member’s behalf,~~ on each matter submitted to a vote of the membership at an annual or special meeting. ~~Neither proxies nor c~~Cumulative voting shall not be allowed. ~~Election of Member Directors shall be conducted exclusively by casting of ballots in the form of a record in a tangible medium (or, if the Board of Directors so authorizes, in an electronic transmission), which ballots must: (a) be furnished to each member in good standing along with the notice of the meeting at which the election is to be held; (b) with respect to each nominee for election to a Member Director seat that is not contested on the ballot, indicate that the member may either cast a vote “for” or expressly “withhold” the member’s vote as to such nominee; and (c) be received, from those members voting, by the Secretary of the corporation in valid form prior to commencement of the meeting, either by personal delivery or by mail or courier (or, if the Board of Directors has adopted procedures for voting by electronic transmission, in accordance with those procedures for electronic ballot submission).~~ Members may vote by proxy, and the corporation shall send a proxy form with the notice of meeting that permits a member to designate a member of the board or another member of the corporation as proxy for all or limited purposes.

~~SECTION 4.~~ SECTION 5. PARLIAMENTARY PROCEDURE.

Meetings of the members of the corporation shall be governed by parliamentary procedure as set forth in the current edition of Robert's Rules of Order.

~~ARTICLE III~~

~~PLEBISCITES~~

~~SECTION 1. VOTING.~~

~~Upon resolution of the Board of Directors, matters may be submitted to vote of the membership other than at annual or special meetings by ballots in the form of a record in a tangible medium,~~

~~or in an electronic transmission, delivered to each member of record in good standing on the date of such delivery for voting and returned to the Secretary within the time specified thereon (which shall not be less than twenty (20) days). Votes so cast shall be tabulated by or under the direction of the Secretary and canvassed by a committee of not less than three Directors appointed by the Board for that purpose or by legal counsel or a certified public accountant employed or engaged by the Company. Business so transacted shall have the same force and effect as if transacted at an annual or special meeting of the members duly called, provided ballots are returned by at least the number of members sufficient to constitute a quorum if present at an annual or special meeting.~~

~~ARTICLE IV~~ ARTICLE III

BOARD OF DIRECTORS

SECTION 1. BOARD OF DIRECTORS.

A. **General Powers.** The affairs of the corporation shall be managed by its Board of Directors.

B. **Size, Composition, Qualifications, Terms, Nomination and Election.**

- (1) **Size and Composition.** The Board of Directors shall consist of at least nine (9) but no more than thirteen (13) Directors. The number of Directors may at any time be increased or decreased within this range by the Board of Directors, but no decrease shall have the effect of shortening the term of any incumbent director. Independent Directors shall at all times after January 1, 2012 comprise a majority of incumbent Directors.
- (2) **Qualifications.** The Board of Directors shall comprise three different categories of Directors, with the following qualifications:
 - (a) **Independent Directors.** Each Independent Director must, when elected and during his or her term of office: (i) satisfy the definition for an "independent" member of a governing body set forth in the instructions to Internal Revenue Service Form 990 (as it may be amended from time to time) or such other IRS definition of independence as Delta Dental Plans Association may from time to time reference in connection with its membership standards; (ii) not be the President and CEO or otherwise an employee of the corporation; (iii) not be a member of the corporation, nor an individual with a D.D.S. or D.M.D. degree; and (iv) not have a financial interest in any dental care organization.
 - (b) **Member Directors.** Each Member Director must, when elected and during his or her term of office, be a member of the corporation; and shall forfeit his or her office as a Director upon loss of his or her membership in the corporation under Section 3 of Article I of these Bylaws.
 - (c) **Ex Officio Director.** The President and CEO shall, by virtue of holding

such office, automatically be a member of the Board of Directors for the period that he or she holds such office.

(3) **Terms, Classifications, Term Limits.**

- (a) **Standard Terms.** Except in situations where shorter terms are expressly permitted under these Bylaws, each Independent Director and Member Director shall be elected to serve a term of three (3) years commencing at the next meeting of the Board of Directors following his or her election.
- (b) **Classified Director Terms; Transitional Terms.** Independent Directors and Member Directors shall, as a group, be divided into three (3) classes and, after January 1, 2012, each such class shall be as equal in number to the others as possible. The Directors within each such class shall all serve terms that expire in the same year, and the expiration of the terms of Directors in the three (3) different classes shall occur in three (3) successive years. A Director elected to fill the seat of a Director whose term has expired or whose seat has become vacant for any reason shall be elected to the same class of Directors to which the predecessor belonged. The Board of Directors shall have authority to designate the members of such classes and their respective terms, and may from time to time prescribe terms of less than three (3) years for particular Independent Directors or Member Director nominees to the extent it considers such shortened terms to be reasonably necessary to achieve or maintain the required balance of classified terms among the Directors; provided, that no action by the Board of Directors under this Section 1.B.3.b shall have the effect of shortening the term of any previously elected Independent Director or Member Director.
- (c) **Term Limits.** Each Independent Director and Member Director ordinarily may serve no more than three (3) full terms consecutively, exclusive of time served to complete the term of a previous Director. However, a Director may be nominated and elected to an additional term of one, two or three years following the Director's completion of three (3) consecutive full terms if the Governance and Nominating Committee and the Board of Directors determine that such is necessary to assure continuity on the Board of Directors.

(4) **Nomination and Election of Directors.**

- (a) **Independent Directors.** The Independent Directors shall be nominated by a majority of the Independent Directors who are members of the Governance and Nominating Committee, and a nomination by such majority shall be deemed to be a nomination by such committee. The Governance and Nominating Committee shall submit its recommended slate of such nominees to the Board of Directors at least sixty (60) days prior to the Board of Directors' annual meeting preceding the end of the term of the incumbent Independent Director(s). The Board of Directors shall at such

meeting, by a majority vote of those Independent Directors whose terms are not expiring, elect at least one nominee from the Governance and Nominating Committee's slate for the seat of each Independent Director whose term is then expiring (unless the Board of Directors has resolved to reduce the overall size of the Board of Directors under Section 1.B.1 of this Article ~~IV III~~).

- (b) **Member Directors.** ~~The Candidates for~~ Member Directors ~~shall be~~ may be nominated by the Governance and Nominating Committee or by a written petition signed by at least twenty-five (25) members, or a majority of the members who practice in a given component dental society geographic area, whichever is smaller, and presented to the Secretary no later than the second Friday in September. The Secretary shall solicit a candidate statement from each candidate, not to exceed 300 words, which shall be distributed with the notice of meeting, proxy materials, agenda, and other meeting materials., which shall submit its recommended slate of such nominees to the Board of Directors at least sixty (60) days prior to the Board of Directors' annual meeting preceding the end of the term of the incumbent Member Director(s). The Board of Directors shall at such meeting select at least one nominee from the Governance and Nominating Committee's slate for the seat of each The members may cast that number of votes as there are number of Member Directors whose terms ~~is~~ are then expiring (unless the Board of Directors has resolved to reduce the overall size of the Board of Directors under Section 1.B.1 of this Article ~~IV III and notified the Secretary of this fact prior to the notice of annual meeting, in which case each member shall have that number of votes as there are director slots for election).~~), and shall then direct the Secretary of the corporation to submit such nominees to the members for ~~e~~ Election shall take place pursuant to Section ~~3-4~~ of Article II of these Bylaws. The nominee with the plurality of votes shall be elected to one spot, then the nominee receiving the second most votes, and so on until all slots are filled.
- (c) **President and CEO.** The President and CEO shall automatically be a member of the Board of Directors, and is not required to be elected or re-elected.

C. **Powers and Duties of the Board of Directors.** Subject to the limitations contained in the Articles of Incorporation, these Bylaws, and the nonprofit corporation laws applicable to this corporation, all corporate powers shall be exercised by or under the authority of the Board of Directors including, but without limitation, the following:

- (1) To select and remove the President and CEO of the corporation, prescribe his/her authority and duties, and fix his/her compensation.
- (2) ~~To nominate Member Director candidates for election by the members in accordance with these Bylaws; and, b~~ By majority vote of the Independent Directors whose terms are not expiring, to elect Independent Directors in accordance with these Bylaws.

- (3) To conduct, manage and control the property and business of the corporation, and to make such rules and regulations therefor, as they may deem best advised.
- (4) To fix the address of the principal office for the transaction of business of the corporation within the State of Washington and to fix and locate from time to time such subsidiary offices of the corporation as they may deem necessary or convenient for transaction of the affairs of the corporation.
- (5) To call membership meetings both regular and special, and to determine what matters shall be submitted to such meetings on behalf of the Board of Directors.
- (6) To borrow money and incur indebtedness for the purpose of the corporation, and to cause to be executed and delivered therefor in the corporate name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecation of other evidence of debt and security therefor.
- (7) To set fees for service on the Board of Directors in accordance with these Bylaws.

D. **Vacancies.** As soon as practical after a vacancy in a Member Director (including a vacancy occurring as described in Section 3-4 of Article II of these Bylaws) or an Independent Director position on the Board of Directors occurs, the Board of Directors shall elect a successor to serve the unexpired term of the original Member Director, or a majority of the Independent Directors shall elect a successor to serve the unexpired term of the original Independent Director.

E. **Meetings.** The annual meeting of the Board of Directors shall be held annually on a date and at a time and location determined by the Board of Directors.

Regular meetings of the Board of Directors shall be held according to a schedule approved in advance by the Directors, but not less than once per calendar quarter unless an affirmative vote of 75% of the directors eliminates a meeting. No particular notice of a regular meeting is required.

Special meetings of the Board of Directors may be called by the Chair of the Board or by a majority vote of all directors. Notice of the date, time and place of such special meeting shall be furnished to each director not less than fifteen (15) days before the time of the meeting. Meetings of the Board of Directors shall be held at the principal office of the corporation or at any other convenient place determined by the Board of Directors.

Regardless of how called, a consent in the form of a record of all of the members of the Board of Directors to the holding of a meeting of the Board of Directors filed with the minutes of the meeting shall constitute sufficient call and notice of any meeting of the Board of Directors. A meeting so held shall have the same force and effect as if the meeting were regularly called upon notice as herein above provided.

A director will be subject to removal if he or she fails to attend at least seventy-five percent (75%) of the directors' meetings during each calendar year, unless excused by the Chair of the

Board at his/her discretion.

F. **Action by Consent in Lieu of Board Meeting.** Any action required or permitted to be taken by the Board of Directors may be taken without a meeting, if all members of the Board of Directors execute a consent in the form of a record that describes the action to be taken. Such consent shall be filed with the minutes of the proceedings of the Board of Directors. Such action approved by consent shall have the same force and effect as a unanimous vote of the directors at a meeting duly held upon proper notice and may be described as such in any record. An action taken by consent shall be effective when the last director executes the consent, unless the consent specified a later effective date.

G. **Quorum, Manner of Acting and Voting.** A majority of the members of the Board of Directors shall constitute a quorum for the transaction of business of any meeting of the Board of Directors, except that a majority of the Independent Directors whose terms are not expiring shall constitute a quorum for the election of Independent Directors in accordance with these Bylaws.

The act of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors unless the act of a greater number is required by law or by these Bylaws; provided, the approval of a majority of the Independent Directors whose terms are not expiring shall be required in order to elect an Independent Director in accordance with these Bylaws.

Each Director shall have one (1) vote except the Chair of the Board, who shall only vote in case of a tie. Proxies will not be allowed.

H. **Fees and Compensation.** Directors, as such, and officers of the corporation appointed pursuant to Article V shall not receive any salary for their services, but shall receive reimbursement for expenses of attending any meetings of the Board of Directors and a reasonable fee to reimburse directors for the time spent attending those meetings. This fee shall be set taking into consideration prevailing industry practices and may be changed from time to time by the vote or written assent of a majority of the Board of Directors.

I. **Parliamentary Procedure.** Meetings of the Board of Directors shall be governed by parliamentary procedure as set forth in the current edition of Robert's Rules of Order.

J. **Reserves.** The Board of Directors may establish a revolving or reserve fund or funds to cover contingent obligations for paying for dental services and anticipated future needs of the corporation which are reasonably likely to occur. The Directors, in their discretion, shall invest or cause to be invested so much of such funds in securities or other investments consistent with applicable laws of the State of Washington as the directors determine to be in the best interest of the corporation.

K. **Removal of Director.** At a meeting duly called, either a Member Director or an Independent Director of this corporation may be removed from office for cause by, respectively, a two-thirds (2/3) affirmative vote of the other Member Directors then serving on the Board of Directors or of the other Independent Directors then serving on the Board of Directors. The call for such a meeting must state with reasonable specificity the cause(s) for removal. Cause for

removal shall consist of a director's willful or negligent disregard of the duties assigned to him/her by law, by these Bylaws, or by the Board of Directors; breach of fiduciary duty as a director; and failure to timely disclose to the Board of Directors any conflict of interest involving the director and the corporation or any action of the corporation. In addition, termination of the membership of a Member Director pursuant to Article I shall also operate to remove him or her from office as a Member Director, without further action by the Board of Directors. A Member Director may also be removed, with or without cause, by a majority of the votes entitled to be cast by the members present in person or proxy at an annual or special meeting of the members.

L. **Standing and Special Committees.**

- (1) **General.** Standing or special committees to facilitate the conduct and effectiveness of the Board of Directors, but not having or exercising the authority of the Board of Directors in the management of the corporation, may be established in such a manner as may be designated by a resolution adopted by a majority of the directors present at a meeting at which a quorum is present. The ~~Chair of the Board, in consultation with the President and CEO, Board of Directors~~ shall appoint members of any standing or special committee ~~except for the Governance and Nominating Committee and the Independent Directors on the Provider Compensation Committee~~. Any member of such a committee may be removed by the ~~person or persons authorized~~ Board of Directors to appoint him/her whenever in ~~their-its~~ judgment the best interests of the corporation would be served by such removal.
- (2) **Standing Committees** shall include the Audit Committee, the Governance and Nominating Committee and the Human Resources and Compensation Committee.
 - (a) **Audit Committee** shall assist the Board of Directors in fulfilling its oversight responsibilities relating to the integrity of the financial statements of the company, of the company's compliance with legal and regulatory requirements, of the independence and qualifications of the independent auditor, and of the performance of the company's internal audit function and independent auditors. The Audit Committee will be comprised of three or more members as determined by the Board of Directors. Committee members ~~shall be appointed by the Board of Directors upon the recommendation of the Chair of the Board and~~ may be removed by the Board of Directors at its discretion. A majority of the committee shall consist of independent members who shall be free from any relationship that, in the opinion of the Board of Directors, would interfere with the exercise of his or her independent judgment as a member of the committee. No person who is a member dentist or has business dealings as a vendor or business partner of the company may be regarded as an independent member of the committee. All members of the committee shall have or obtain a sufficient familiarity with basic finance and accounting practices to allow them to discharge their responsibilities and at least one member shall be a financial expert. The Audit Committee shall be directly responsible for the appointment, compensation and oversight of the accounting firm conducting

the annual audit of the corporation, and shall meet at least annually with the accounting firm and report its findings and recommendations to the Board of Directors.

- (b) **Governance and Nominating Committee** shall be comprised of at least five (5) members, including the Chair of the Board, as well as at least one of the other officers of the Board of Directors and such other additional directors as may be appointed by the Chair of the Board in consultation with the President and CEO. At least three Independent Directors must be members of the Governance and Nominating Committee at any given time. Members of the committee will be excluded from discussing and voting for their own nominations. The Governance and Nominating Committee (or the Independent Directors on the Committee) shall perform the functions described for it in Sections 1.B.2 of Article ~~IV~~III of these Bylaws and assist the Board of Directors by developing and recommending changes in the governance structure and processes that will improve board effectiveness.
 - (c) **Human Resources and Compensation Committee** shall be comprised of non-management members of the Board of Directors and shall assist the Board of Directors in fulfilling its oversight responsibilities by formulating policy recommendations in such areas as compensation and benefits as specifically referred to the committee by the Board. The Human Resources and Compensation Committee shall periodically receive management updates on the corporation's human resources programs. The committee shall ensure that the senior executives of the corporation are compensated effectively in a manner consistent with the stated strategy of the corporation, competitive practices in the marketplace, any internal equity considerations, and any applicable legal or regulatory requirements. The committee also shall ensure the existence of an operative leadership succession plan that will perpetuate an effective management team for the corporation.
- (3) **Special Committees.** The Board of Directors may establish from time to time, special committees to aid them in managing the affairs of the corporation.
 - (4) **Term of Office.** Each member of a standing committee shall continue as such until the next annual meeting of the Directors of the corporation and until a successor is appointed, unless these Bylaws provide otherwise, or unless the committee shall be terminated sooner, or unless such member be removed from the committee, or unless the member shall cease to qualify as a member of the committee.
 - (5) **Chair.** One member of each committee shall be appointed chair by the person or persons authorized to appoint the members of that committee, except as otherwise provided in these Bylaws. All standing committees shall have a director as chair of the committee at all times unless otherwise directed by the Chair of the Board, in consultation with the President and CEO, because of unusual circumstances.

- (6) **Vacancies.** Vacancies in the membership of a committee may be filled by appointments made in the same manner as provided in the case of the original appointment. This action will be initiated within thirty (30) days of notification of a vacancy by the Chair of the Board or the President and CEO.
- (7) **Quorum.** Unless otherwise provided in the resolution of the Board of Directors designating a committee, a majority of the whole committee shall constitute a quorum, and the act of a majority of the members present at a meeting at which a quorum is present shall be the act of the committee.
- (8) **Rules.** Each committee may adopt rules for its own governance not inconsistent with these Bylaws or with rules adopted by the Board of Directors.

M. Provider Compensation Committee.

- (1) **General.** Notwithstanding any other provision of these Bylaws, there is hereby established a Provider Compensation Committee (the "PC Committee"), which shall have ultimate authority and responsibility for those matters described below concerning compensation paid by the corporation to members and other dentists. This Bylaw is an irrevocable delegation of authority over such matters by the Board of Directors to the Provider Compensation Committee (hereinafter the "PC Committee") pursuant to RCW 24.03.115.
- (2) **Size and Selection.** The Committee shall consist of five (5) directors, three (3) of whom shall be Independent Directors who shall be appointed from time to time by a majority vote of the Independent Directors then serving on the Board of Directors, and two (2) of whom shall be appointed by the Chair of the Board.
- (3) **Removal and Vacancies.** A PC Committee member who is an Independent Director may be removed from office only by a vote of two-thirds (2/3) of the other Independent Directors then serving on the Board of Directors. A PC Committee member who was appointed by the Chair of the Board may be removed from office by the Chair of the Board whenever, in his or her judgment, the best interests of the corporation would be served by such a removal. Any vacancy created by the removal or resignation of a PC Committee member shall be filled, for the balance of his or her term, by the same method by which the former PC Committee member was appointed.
- (4) **Term.** Each Independent Director appointed to the PC Committee shall serve a term of office coterminous with his or her term of office as a director, unless such person is earlier removed from office or resigns. Each person appointed to the PC Committee by the Chair of the Board shall serve a term continuing until the next annual meeting of the Board of Directors and until his or her successor is duly appointed and qualified, unless the person is sooner removed from office or resigns.
- (5) **Meetings.** The PC Committee shall meet at least once annually, and more

frequently when required to perform its functions. Meetings of the PC Committee may be called by the chair of the PC Committee or by any two (2) members of the PC Committee. Notice in the form of a record, in a tangible medium, or in an electronic transmission, stating the time and place of each such meeting shall be furnished to each member of the PC Committee not less than five (5) days before the date of the meeting. Meetings of the PC Committee shall be held at the principal office of the corporation or at any other convenient place determined by the chair of the Committee.

- (6) **Procedures.** The PC Committee shall choose its own chair, who shall always be an Independent Director, and its own secretary. Meetings of the PC Committee shall be governed by parliamentary procedure as set forth in the most recent edition of Robert's Rules of Order. If the committee chair is elected Chair of the Board, that individual will resign as the Provider Compensation Committee chair and the remaining members of the PC Committee shall choose a different Independent Director as the PC Committee's new chair.
- (7) **Quorum, Manner of Acting and Voting.** Three members of the PC Committee shall constitute a quorum for the transaction of business at any meeting of the PC Committee, provided that at least two of such members must be Independent Directors. The act of a majority of PC Committee members present at a meeting at which a quorum is present shall be the act of the PC Committee, unless the act of a greater number is required by law or by these Bylaws. Each PC Committee member shall have one (1) vote. Proxies will not be allowed. Any action required or permitted to be taken by the PC Committee may be taken without a meeting if all members of the PC Committee execute a consent in the form of a record that describes the action to be taken and such action by consent shall have the same force and effect as a unanimous vote of the members of the PC Committee. All minutes of meetings of the PC Committee, and all such consents, shall be retained in the corporation's records.
- (8) **Powers and Duties of PC Committee.** The authority of the Board of Directors in the following matters is vested in, and shall be exercised by, the PC Committee:
 - (a) **Filed Fee Program.** The PC Committee shall undertake studies, from time to time, whether the Filed Fee Program used by the corporation pursuant to its standard Washington Dental Service Member Dentist Agreement (all capitalized terms not defined herein shall have the meanings given them in said form of agreement), as presently operated or with such changes as the PC Committee may have previously directed, enables the corporation to purchase dental services from members and non-members at the most favorable terms, consistent with the corporation's need to maintain and continue the size and composition of its active networks, the quality of service from the providers within such population, and the degree of access to such dentists for those persons whose dental care coverage the corporation has assumed responsibility (hereinafter "enrollees"). After each such study, the PC Committee shall direct changes to any of the features of the corporation's Filed Fee Program described below that, in the PC

Committee's judgment, will enable the corporation to obtain more favorable terms from member dentists and other dentists for services provided to the corporation's enrollees consistent with the foregoing considerations. Such changes may affect any of the following features of the Filed Fee Program:

- (i) The method of determination of the maximum fee for a particular procedure in a particular location that will be accepted in a proposed Survey of Fees at any time;
 - (ii) The method of determination of the intervals at which that maximum fee will be recalculated during the course of a year;
 - (iii) The method by which the Composite Index, if applicable, is calculated and applied in determining the acceptability of a proposed Survey of Fees at any time;
 - (iv) The method of determination of the intervals at which the Composite Index, if applicable, will be recalculated during the course of a year;
 - (v) The frequency with which a member is permitted to file a new Survey of Fees to replace a previously-approved Survey of Fees or a previously-submitted Survey of Fees that was not approved by the corporation;
 - (vi) The method of determination of the amount of compensation paid to a nonmember dentist for service to one of the corporation's enrollees;
 - (vii) The method of determination of the maximum fee that WDS will pay to a nonmember dentist for a particular service; and
 - (viii) The method of determination of the intervals at which the maximum fee for compensation of a nonmember dentist for a particular service will be recalculated.
- (b) **Other Compensation Programs.** The PC Committee shall assume responsibility for, and thereafter undertake studies and make changes to, any other program of compensation to professional providers of services to the corporation's enrollees that may be adopted by the corporation and referred to the PC Committee by the Board of Directors. The PC Committee shall from time to time make such changes in the terms and conditions of the compensation program that the PC Committee believes will enable the corporation to obtain more favorable compensation terms from providers in the future for services provided to enrollees, taking into consideration the corporation's need to maintain and continue the size and composition of its active networks delivering those services, the quality of such services from the providers in the networks, and the degree of access to such providers for enrollees.

- (a) **Sensitive Price Information.** The PC Committee shall have the authority to require changes to the methods and manner in which the corporation receives, processes, analyzes, distributes, disseminates and uses fee and claims information submitted by member dentists and other dentists in order to ensure the strict confidentiality of all such information and, in particular, consistent with state and federal laws and regulations, take reasonable steps to ensure that such information shall not be intentionally or inadvertently made available to other providers.
- (9) **Relation with Paid Assistants.** The President and CEO of the corporation and his or her staff shall report to and serve the PC Committee with respect to those matters within its jurisdiction as if the PC Committee was the Board of Directors, provided, however, that the PC Committee shall have no authority to alter the terms of employment of the President and CEO or any staff person. The President and CEO and staff shall implement any change directed by the PC Committee in accordance with these provisions and shall provide to the PC Committee such information, analyses, recommendations and other data from the corporation's records as may be appropriate or useful to the PC Committee's activities.
- (10) **Change in Contract Terms.** The corporation shall make no change in the terms of contracts with providers that establish or define the Filed Fee Program or any other program of compensation, without the prior consent of the PC Committee.
- N. **Attendance by Communications Equipment.** At the discretion of the Chair, Members of the Board of Directors or any committee may participate in a meeting of such Board or committee by means of any communications equipment which enables all persons participating in the meeting to hear each other simultaneously during the meeting. Individuals who join meetings via communications equipment must attend all discussions of any item on which they vote. In addition, the provision will not be available if its use presents an undue administrative burden. A Director or committee member who participates by means of communications equipment is deemed to be present in person at the meeting.

SECTION 2. MEMBER ADVISORY PANEL

- A. **General.** There shall be a Member Advisory Panel consisting of ten (10) to fifteen (15) members who are from time to time selected by the Board of Directors from a pool of candidates recommended by the Governance and Nominating Committee. No less than one (1) and no more than three (3) of the panel members must be Member Directors; each of the other individuals comprising the balance of the Member Advisory Panel must, at the time of his or her appointment thereto and during his or her term of service thereon, be a member in good standing of the corporation who is not a member of the Board of Directors. In recommending and appointing Member Directors or other individuals to serve on the Member Advisory Panel, the Governance and Nominating Committee and the Board of Directors shall also give due consideration to achieving a relative balance of geographic representation thereon. Individuals serving on the Member Advisory Panel must be willing to serve in such capacity, if so requested by the Board of

Directors, for up to three (3) years, but shall remain at all times subject to replacement by the Board of Directors. The Member Advisory Panel shall meet at least three (3) times each year, on such dates and at such times and locations as may be designated by the Board of Directors, the Chair of the Board, or the President and CEO. A chair of the Member Advisory Panel shall be selected and appointed by the Chair of the Board, from among the Member Directors from time to time serving on the Member Advisory Panel.

B. **Duties and Authority.** The Member Advisory Panel shall not be deemed to be a committee or other organ of the Board of Directors; and shall have no power or authority, delegated or otherwise, to make any decisions, take any actions or incur any obligations on behalf of the corporation. As such, individuals serving on the Member Advisory Panel shall not, solely by reason of such service, owe any fiduciary obligations to the corporation or its members. The Member Advisory Panel shall, however, perform the following functions in good faith:

- (a) identifying and recommending to the Governance and Nominating Committee potential candidates for nomination to be elected as Member Directors;
- (b) consulting with and advising the PC Committee on such matters within the scope of that committee's powers and duties as the chair of the PC Committee may request; and
- (c) consulting with and advising the Board of Directors with respect to the formulation of policies relating to dental procedures, claims processing and adjudication, and relations with the dental profession, to the extent requested to do so by the Chair of the Board.

SECTION 3. INDEMNIFICATION OF DIRECTORS, OFFICERS AND OTHERS

A. **Right to Indemnification.** Each person who was, is or is threatened to be made a named party to or is otherwise involved (including, without limitation, as a witness) in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative and whether formal or informal (hereinafter a "proceeding"), by reason of the fact that he or she is or was a director or officer of the corporation or served on the Member Advisory Panel of the corporation or, that being or having been such a director officer or an employee of the corporation, he or she is or was serving at the request of the corporation as a director, officer, partner, trustee, employee or agent of another corporation or of a partnership, joint venture, limited liability company, trust, employee benefit plan or other enterprise (hereinafter an "indemnitee"), whether the basis of a proceeding is alleged action in an official capacity as such a director, officer, partner, trustee, employee, agent or panel member or in any other capacity while serving as such a director, officer, partner, trustee, employee, agent or panel member, shall be indemnified and held harmless by the corporation against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts to be paid in settlement) actually and reasonably incurred or suffered by such indemnitee in connection therewith, and such indemnification shall continue as to an indemnitee who has ceased to be a director, officer, partner, trustee, employee, agent or panel member and shall inure to the benefit of the indemnitee's heirs, executors and

administrators. Except as provided in Section 3.D. of this Article IV with respect to proceedings seeking to enforce rights to indemnification, the corporation shall indemnify any such indemnitee in connection with a proceeding (or part thereof) initiated by such indemnitee only if the proceeding (or part thereof) was authorized or ratified by the Board of Directors. The right to indemnification conferred in this Section 3.A. shall be a contract right.

B. Restrictions on Indemnification. No indemnification shall be provided to any such indemnitee for acts or omissions of the indemnitee finally adjudged to be intentional misconduct or a knowing violation of law, for conduct of the indemnitee finally adjudged to be in violation of Section 23B.08.310 of the Washington Business Corporation Act, for any transaction with respect to which it was finally adjudged that such indemnitee personally received a benefit in money, property or services to which the indemnitee was not legally entitled, or if the corporation is otherwise prohibited by applicable law from paying such indemnification, except that if Section 23B.08.560 or any successor provision of the Washington Business Corporation Act is hereafter amended, the restrictions on indemnification set forth in this Section 3.B. shall be as set forth in such amended statutory provision.

C. Advancement of Expenses. The right to indemnification conferred in Section 3.A. of this Article IV shall include the right to be paid by the corporation the expenses incurred in defending any proceeding in advance of its final disposition (hereinafter an “advancement of expenses”). An advancement of expenses shall be made upon delivery to the corporation of an undertaking (hereinafter an “undertaking”), by or on behalf of such indemnitee, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal that such indemnitee is not entitled to be indemnified for such expenses under this Section 3.C.

D. Right of Indemnitee to Bring Suit. If a claim under Section 3.A. or 3.C. of this Article is not paid in full by the corporation within 60 days after a written claim has been received by the corporation, except in the case of a claim for an advancement of expenses, in which case the applicable period shall be 20 days, the indemnitee may at any time thereafter bring suit against the corporation to recover the unpaid amount of the claim. If successful in whole or in part, in any such suit or in a suit brought by the corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the indemnitee shall also be entitled to be paid the expense of prosecuting or defending such suit. The indemnitee shall be presumed to be entitled to indemnification under this Section 3. upon submission of a written claim (and, in an action brought to enforce a claim for an advancement of expenses, where the required undertaking has been tendered to the corporation), and, thereafter, the corporation shall have the burden of proof to overcome the presumption that the indemnitee is so entitled.

E. Procedures Exclusive. Pursuant to Section 23B.08.560(2) or any successor provision of the Washington Business Corporation Act, the procedures for indemnification and advancement of expenses set forth in this Section 3. are in lieu of the procedures required by Section 23B.08.550 or any successor provision of the Washington Business Corporation Act.

F. Nonexclusivity of Rights. The right to indemnification and the advancement of expenses conferred in this Section 3 shall not be exclusive of any other right that any person may have or hereafter acquire under any statute, provision of the Articles or the Bylaws of the corporation, by general or specific action of the Board of Directors, or by contract or otherwise.

G. **Insurance, Contracts and Funding.** The corporation may maintain insurance, at its expense, to protect itself and any director, officer, partner, trustee, employee or agent of the corporation or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the corporation would have the power to indemnify such person against such expense, liability or loss under the Washington Business Corporation Act. The corporation may enter into contracts with any director, officer, partner, trustee, employee or agent of the corporation in furtherance of the provisions of this Section 3 and may create a trust fund, grant a security interest or use other means (including, without limitation, a letter of credit) to ensure the payment of such amounts as may be necessary to effect indemnification as provided in this Section 3.

H. **Indemnification of Employees and Agents of the Corporation.** The corporation may, by action of the Board of Directors, grant rights to indemnification and advancement of expenses to employees and agents or any class or group of employees and agents of the corporation (a) with the same scope and effect as the provisions of this Section 3 with respect to the indemnification and advancement of expenses of directors and officers of the corporation, (b) pursuant to rights granted under, or provided by, the Washington Business Corporation Act, or (c) as are otherwise consistent with law.

I. **Persons Serving Other Entities.** Any person who, while a director, officer or employee of the corporation, is or was serving (a) as a director or officer of another foreign or domestic corporation of which a majority of the shares entitled to vote in the election of its directors is held by the corporation or (b) as a partner, trustee or otherwise in an executive or management capacity in a partnership, joint venture, limited liability company, trust or other enterprise of which the corporation or a wholly owned subsidiary of the corporation is a general partner or has a majority ownership shall be deemed to be so serving at the request of the corporation and entitled to indemnification and advancement of expenses under Sections 3.A. and 3.C. of this Article.

~~ARTICLE V~~ ARTICLE IV

OFFICERS

SECTION 1. OFFICERS.

The officers of the corporation shall be a Chair of the Board, Vice Chair, Secretary, Treasurer and such other officers as the Board of Directors may appoint from time to time at its discretion. No person may hold more than one (1) such office in the corporation at the same time. The President and CEO may not be elected to the offices of Chair of the Board or Vice Chair.

SECTION 2. TERMS AND ELECTION.

The Chair of the Board, Vice Chair, Secretary and Treasurer shall be elected by the Board of Directors from among the Directors then in office at the annual meeting of the Board. The intent is that the Chair of the Board will serve up to two one-year terms, although a third term may be added upon a determination by the Governance and Nominating Committee and by the Board of Directors that such is necessary to assure continuity or address other extraordinary

circumstances. The intent is further that the Vice Chair shall succeed to the office of Chair of the Board at completion of the term(s) of the current Chair, or when that post becomes vacant by resignation or other reason. The term of each office shall be until the next annual meeting of the Board of Directors and the election and qualification of successor. If any office becomes vacant for any reason, the Board of Directors shall, by majority vote, elect a successor who shall hold office for the unexpired term. Any officer may be removed during the term of his/her office by a vote of two-thirds (2/3) of the Board of Directors.

SECTION 3. DUTIES OF OFFICERS.

A. **Chair of the Board.** The Chair of the Board shall preside at all meetings of the membership and at all meetings of the Board of Directors. He/she shall be subject to the control and direction of the Board of Directors. The Chair of the Board shall be an ex-officio member of all standing and special committees except the Audit Committee and the Provider Compensation Committee. The Chair of the Board shall have such other and further powers and duties as may be prescribed for him/her by the Board of Directors or these Bylaws.

The Chair of the Board shall have responsibility for liaison with staff officers between meetings of the Board to insure Board policies are carried out.

B. **Vice Chair.** In the absence or disability of the Chair of the Board, the Vice Chair shall perform the duties of the Chair of the Board and all the responsibilities of the Chair of the Board. In addition, the Board of Directors may fix and assign such duties for the office of Vice Chair as in its discretion it deems advisable, and the Chair of the Board may sub-delegate to the Vice Chair such of his/her authority as he/she believes is in the best interest of continuity of the office. The Vice Chair shall be an ex-officio member of all standing and special committees except the Provider Compensation Committee. The Vice Chair shall have such other and further powers and duties as may be prescribed for him/her by the Board of Directors or these Bylaws.

The Vice Chair will be the successor to the office of Chair of the Board when that post becomes vacant by resignation, completion of term(s), or any other reason.

C. **Secretary.**

- (1) **Minutes.** The Secretary shall keep, or cause to be kept, a complete book of the minutes at the principal office of the corporation of all meetings of the Directors and of the members together with all calls and notices upon which meetings were held, a roster of all members, including the applications for membership of each member, and a record of payment or nonpayment of fees and assessments.
- (2) **Notices.** The Secretary shall give, or cause to be given, the notice of all meetings of membership as directed by these Bylaws and also notice of all annual, regular and special meetings of the Board of Directors of the corporation as directed by the Board, the Chair of the Board, or other officers authorized to call such meetings.

D. **Treasurer.** Subject to the direction and control of the Board of Directors, the Treasurer shall have the care and custody of and be responsible for all funds and investments of the

corporation and shall cause to be kept regular books of account. Such books shall be kept current and shall be open to inspection by any officer or Director of the corporation. The Treasurer shall cause to be deposited all funds and other valuable effects in the name of the corporation in such depositories as may be designated by the Board of Directors. The Treasurer shall cause to be prepared and shall submit a financial report at the annual meeting of the members and, in general, shall perform all of the duties incident to the office of the Treasurer.

~~ARTICLE VI~~ ARTICLE V

PAID ASSISTANTS

SECTION 1. GENERAL.

The Board is authorized to engage on behalf of the corporation all necessary employees and assistants, including certified public accountants, attorneys-at-law, and others in advancement of the affairs of the corporation. The Board shall have authority to arrange with such employees, assistants, certified public accountants and attorneys-at-law for payment by the corporation for their services.

SECTION 2. PRESIDENT AND CEO.

The Board of Directors shall appoint a President, who shall be the chief executive officer of the corporation. He/she shall have general supervision, direction and control of the affairs of the corporation and its staff officers subject to the policies established by the Board of Directors and its Chair of the Board. He/she shall be a full-time employee and need not be a dental licentiate of the State of Washington.

~~ARTICLE VII~~ ARTICLE VI

CONTRACTS, CHECKS, DEPOSITS AND FUNDS

SECTION 1. CONTRACTS.

The Board of Directors may authorize any officer or officers, agent or agents of the corporation, in addition to the officers so authorized by these Bylaws, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the corporation, and such authority may be general or confined to specific instances.

SECTION 2. CHECK, DRAFTS, ETC.

All checks, drafts, or orders for the payment of money, notes or other evidences of indebtedness issued in the name of the corporation, shall be signed by such officer or officers, agent or agents of the corporation and in such manner as shall from time to time be determined by resolution of the Board of Directors. In the absence of such determination by the Board, such instruments shall be signed by the Treasurer or his/her staff designee, and countersigned by the Chair of the Board or the President and CEO of the corporation.

SECTION 3. DEPOSITS AND INVESTMENTS

All funds of the corporation shall be deposited or invested in a timely fashion to the credit of the corporation in such banks, trust companies or other depositories and investment vehicles as the Board of Directors may select.

SECTION 4. GIFTS.

The Board of Directors may accept on behalf of the corporation any contribution, gift, bequest or device for the general purposes or for any special purpose of the corporation.

~~ARTICLE VIII~~ ARTICLE VII

BOOKS AND RECORDS

The corporation shall keep correct and complete books of record and account and shall also keep minutes of the proceedings of its members and Board of Directors and shall keep at its registered or principal office a record giving the names and addresses of the members entitled to vote at any membership meetings. All such books and records of the corporation may be inspected by any member or his or her agent or attorney, for any proper purpose at any reasonable time upon reasonable advance notice.

~~ARTICLE IX~~ ARTICLE VIII

WAIVER OF NOTICE

Wherever any notice is required to be given under the provisions of the Washington State Nonprofit Corporation Act, or under the provisions of the articles of incorporation or these Bylaws, a waiver of such notice in the form of a record executed by the person or persons entitled to such notice, whether before or after the time stated in the notice, shall be deemed equivalent to the giving of such notice.

~~ARTICLE X~~ ARTICLE IX

CHANGES IN BYLAWS

~~SECTION 1. GENERAL.~~

These Bylaws may be amended or repealed by the vote of two thirds of the votes entitled to be cast by the members present in person or proxy at an annual or special –meeting of the members, or assent of the members in the form of a record, provided that the proposed amendment or revision shall have been delivered to each member of this corporation at least forty-five (45) days prior to the membership meeting at which the vote is taken, or at least forty-five (45) days prior to the time specified by the Board of Directors for the return of the ballot by mail, fax or electronic transmission. along with the notice of meeting. Notwithstanding the foregoing, further non-material technical amendments to the proposed amendment or revision may be introduced on the floor of the meeting without the need to adjourn the meeting and provide a new notice. In addition, any amendment or repeal of Sections 1.B, 1.D, 1.G, 1.K, 1.L.2.b or 1.M of Article IV, and any adoption of any Bylaw provision that would subject the

~~Independent Directors to rights, privileges, liabilities and duties different from those of other directors hereunder, shall, in addition, require the approval of at least a majority of the Independent Directors then in office.~~

~~SECTION 2. VOTE BY MAIL, FACSIMILE OR ELECTRONIC TRANSMISSION.~~

~~A vote of at least twenty-five percent (25%) of the entire membership shall be required on a first ballot to validate a member vote on any proposed amendment of these Bylaws by means of submission of ballots by mail, facsimile or electronic transmission. If fewer than twenty-five percent (25%) of the entire membership vote on the first ballot with respect to any such amendment, a second ballot shall be distributed to the members who did not vote on the first ballot. The votes on the first and second ballots cast on any such amendment shall be combined and a vote of ten percent (10%) of the entire membership on the combined first and second ballots shall be required to validate the vote on any proposed amendment of these Bylaws by means of submission of ballots by mail, facsimile or electronic transmission. A majority of all votes cast will be required to effect changes in the Bylaws.~~

~~SECTION 3. MEMBERSHIP MEETING.~~

~~A vote of at least ten percent (10%) of the entire WDS membership shall be required to effect changes in the Bylaws at a membership meeting. A majority of all votes cast will be sufficient to effect changes in the Bylaws. Neither proxies nor cumulative voting shall be allowed.~~

~~ARTICLE XI~~ARTICLE X

DISSOLUTION OF CORPORATION

Approval by the members, in a manner provided in these Bylaws, is required for voluntary dissolution pursuant to RCW 24.03.220 or successor statute. Any assets remaining after payment of all just obligations of the corporation shall accrue to a fund to be distributed to a dentally related foundation to be chosen by the Board of Directors.

~~ARTICLE XII~~ARTICLE XI

CONFLICT

Should any of these Bylaws be in conflict with any statutes, codes, rulings, or the Constitution of the State of Washington or of the United States of America, the particular section or part of any section shall become immediately inoperative. However, should any such conflict of any part of these Bylaws be declared, it shall not render the other Bylaws inoperative or void.

~~ARTICLE XIII~~ARTICLE XII

ELECTRONIC TRANSMISSIONS

Notice to members and directors in electronic transmission is effective only with respect to members and directors who have consented, in the form of a record, to receive electronically transmitted notices and have designated the message format accessible to the member or

director, and the address, location or system to which these notices may be electronically transmitted. A member or director who has consented to receive electronically transmitted notices may revoke the consent by delivering a revocation to the corporation in the form of a record. The consent of any member or director is revoked if the corporation is unable to electronically transmit two consecutive notices given by the corporation in accordance with the consent.

ARTICLE XIII

INFORMATION

The corporation shall give prepare and mail an annual report to each member no later than seven months after the close of the corporation's fiscal year. The annual report shall contain the corporation's latest audited financial statements, a general assessment about the state of the corporation and the marketplace for dental care (paying due regard to preserving any proprietary information), and include the a compensation discussion and analysis in the same form as required for publicly-traded companies.

ARTICLE XIV

TRANSITION

SECTION 1. EFFECTIVE DATE.

The adoption of these amended and restated Bylaws is hereby made effective as of ~~December 23, 2008~~_____.